

ENERGY AND WATER, AND RELATED AGEN- CIES APPROPRIATIONS FOR FISCAL YEAR 2007

TUESDAY, MARCH 28, 2006

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:01 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Pete V. Domenici (chairman) presiding.

Present: Senators Domenici, Craig, Allard, Johnson, and Inouye.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

STATEMENTS OF:

**MARK LIMBAUGH, ASSISTANT SECRETARY FOR WATER AND
SCIENCE, DEPARTMENT OF THE INTERIOR**

JOHN W. KEYS III, COMMISSIONER, BUREAU OF RECLAMATION

STATEMENT OF SENATOR PETE V. DOMENICI

Senator DOMENICI. Good morning. Today the subcommittee is going to take testimony on the fiscal year 2007 budget request for the Bureau. Our panel will consist of the witnesses from the Department of the Interior and the Bureau of Reclamation. Testifying for them will be Mark Limbaugh, Assistant Secretary for Water and Science; and John W. Keys, III, Commissioner of Reclamation. Commissioner, it is great to have you before us. We understand that after this series of hearings over time that this may be your last. You will be missed. It has been a good stay. We hope you have enjoyed it. Things have been tough at the Bureau, but we are in transition.

Thank you for appearing. I understand that the Bureau is considering that your effective retirement time would be next month. Is that correct?

Mr. KEYS. Mr. Domenici, that is correct.

Senator DOMENICI. So certainly this is your last appearance here. Again, thank you for your many years of service to the Federal Government. Second, I want to wish you a very long and happy retirement.

Now to the business at hand. The fiscal year 2007 budget request for the Bureau totals \$971.6 million, a decrease of nearly \$50 million from 2006, at least the enacted level of 2006, which was

\$1.0208 billion, a 9.5 percent decrease. That is a pretty steep decrease. This is partially offset by discretionary receipts of \$33.8 million from the Central Valley Project Restoration Fund and an \$88 million rescission of unobligated balances for At Risk Desert Terminal Lakes.

Highlights for the budget include, as we see it: \$14.5 million for Water 2025, a \$9 million increase for fiscal year 2006 level increase in that project. This initiative seeks to make water more available in reclamation States through enhanced conservation. Clearly, the money does not match up with the size of the problem, but in this tight budget year I do not know where it does.

Fifty-seven million dollars, another item, is a \$2 million increase from 2006 for the Animas-LaPlata. Funding will be primarily provided for the continued construction of the Ridges Basin Dam and Durango pumping plant. If I am wrong on any of these, I would hope you would take note and note it in your comments to us. However, it is my understanding that an additional \$12 million is needed to maintain that schedule and we will work on that with you.

Thirty-eight-point-six million dollars for CALFED. That is a \$2 million increase from 2006. The funds will be used for environmental water account, storage feasibility studies, conveyance studies, and some other items.

One hundred twenty million dollars for operating, managing, and improving California Central Valley Project. This is a \$9 million increase over 2006.

And \$69 million for 2007—that is a \$7.6 million, 11 percent, increase—for ensuring the safety of reclamation dams.

Eight-point-five million for 2007, \$7.5 million decrease from the 2006 program level, for science and technology programs.

And \$39 million for 2007, the same amount as the enacted level, for site security. The 2007 budget includes funding for guards and surveillance of facilities, anti-terrorism upgrades, law enforcement functions.

Ten million dollars for water recycling and reuse projects. This is a \$15 million decrease from 2006.

I anticipate that this tight budget will cause us some real problems and I appreciate the fact that you have put together a budget that is reasonably balanced as you see it, and we will have our views to see whether we agree with that as we complete our work.

Senator Reid is not here, but I understand if he has a statement we will introduce it in the record, and it is with his concurrence that we proceed without a minority member today.

Senator Craig, very active in this committee, I yield to you for whatever time you would like.

STATEMENT OF SENATOR LARRY CRAIG

Senator CRAIG. Well, thank you very much, Mr. Chairman.

I am sure that the Secretary and the Commissioner come before us with the Bureau of Reclamation budget facing a 3.5 percent decrease from 2006 levels in what I would suggest, although it may not be articulated by them, to be a frustrating budget. I think all of us recognize, and certainly this committee does and you do, Mr. Chairman, the aging infrastructure that we are dealing with and

the need to obviously, to deliver water and its importance, and in the West now more so than ever.

Before I go on, let me also recognize, as you have, that Commissioner Keys is leaving us. John, I must tell you how proud I have been of the service you have provided to us, to our Government, to the West for a good number of years. John and I go back a long ways. When he was serving in Idaho we worked very closely together, and that relationship continued. The Commissioner has been instrumental in developing the needed Water 2025 program. He is returning to the West and he will find a West just in the short time that he has been here that is growing dramatically, a West that is populating at an unprecedented rate, a West that is populating in the most arid parts of our country.

The three fastest growing States in the West right now are Arizona, Nevada, and my State of Idaho, Mark's State of Idaho. We live in the high desert great basin region of the country. For us to not be focusing with the intensity of resource that I think we need for water and water development is going to catch up with us. We are going to have to start running faster than we are running today to resolve some of those problems that are needed.

Right now, a classical thing is happening in Idaho. The Idaho legislature is battling it out over how to re-look at old first in line, first in time water rights, and should they be used in slightly different ways, for enhanced storage, enhanced water into the system. That is an interesting battle that is going on at the legislative level right now. But I think, Mr. Chairman, it is prelude to the reality of some of our problems that we are facing in a country; in a region of the country that obviously does not get all the water it needs. That battle will continue.

The Bureau is going to play a role in it. They must play a role in it. Your bill, the Rural Water Supply Act, Mr. Chairman, I hope we can see that through the House this year. I think it is going to begin to focus us in ways that we need to focus with some resource that is going to be awfully important.

Lastly, Mr. Chairman, I have to say this because, thanks to the Secretary and the Commissioner, I did something over the recess that I have been wanting to do for years. I spent a day at Hoover Dam and went top to bottom, in a structure that still is operating as effectively, if not more so, than it was designed to do in the 1930's when it was built. I could go on and on, but the one thing behind it that was interesting is that the impoundment, the lake, the reservoir, was just a little over 50 percent full.

There is a very real reality to the water system there and the supply of the river that is so important to that portion of the West and the absence of water at this moment. I thought it was fairly dramatic. The reality is that Colorado just ain't producing water. You have got to get busy.

Senator ALLARD. Yes, we are trying to.

Senator CRAIG. All right, okay. And probably keep more of it.

Anyway, thank you very much, Mr. Chairman. We are glad to have you before us, both Mr. Secretary and Commissioner. Again, John, we hope you the very best in your retirement.

Mr. KEYS. Thank you very much.

Senator DOMENICI. Colorado had some late snow.

Senator CRAIG. Yes, they did.

Senator ALLARD. And down around the New Mexico border.

Senator CRAIG. And they are getting it again.

Senator DOMENICI. Is it in the right place? Is it coming down some more?

Senator ALLARD. Yes.

Senator DOMENICI. It is too late, but that is good.

Senator, do you have anything you would like to offer?

STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. Just very briefly.

Mr. Secretary, I want to welcome Secretary Limbaugh here as well as Mr. Keys. Commissioner Keys, I too want to join in thanking you for your extraordinary service over these many years. We have worked very closely with you on our BOR water projects in particular in South Dakota and I wish you well and the people of South Dakota wish you well in whatever next may come your way in terms of your next endeavors.

I do want to express my concern that once again the BOR budget for the Great Plains Region is simply inadequate, given the ongoing projects that we have out there. It is my understanding that the recommendation is \$168 million for Water and Related Resources. That is a \$14.4 million decrease from 2006. It is my understanding that about \$68.7 million is budgeted for ongoing rural water projects. That includes the municipal, rural, and industrial, MRI account. That includes the Mni Wiconi and the Lewis and Clark Rural Water Systems in South Dakota.

Very frankly, the Mni Wiconi and Lewis and Clark Water Systems in South Dakota alone could consume the entire budget for ongoing water projects. Each of them could use well over \$30 million in the coming fiscal year for construction. What I fear happening is that these projects are being stretched out to such a great degree that not only does it delay getting water in the case of the Mni Wiconi to some of the poorest of the poor, three Indian tribes, but the overall cost of these projects is becoming immense, which may make it almost unworkable for some of the component rural water systems.

Like buying anything else, the more we can pay up front the less it will cost down the road. So I am very worried that we continue to come in with budget recommendations that are excessively low and are going to make these water projects as well as others around the country far more costly to the taxpayers than would otherwise be the case.

Now, I appreciate that the President campaigned on lower taxes and smaller government, so no one should be surprised that there is an inadequate budget for public works projects such as these. Nonetheless, these projects are key infrastructure improvements that will result in economic growth and prosperity and public health throughout large regions of the country, and I think that it is a classic case of being penny-wise and pound-foolish to nickel-and-dime and underfund these key water projects.

The BOR has done a great job of managing these projects, of building these projects. So my criticism is not with the BOR. The criticism is with the overall level of funding that OMB has allo-

cated in the recommendations and, frankly, our budget resolution does not do as well as I would like either, despite great efforts on the part of our chairman and others to make sure that we try to get a reasonable allocation.

So I want to share those concerns with you, but most of all, Commissioner Keys, to thank you for working very closely with my staff and with South Dakotans over the years. We have some of the most extraordinary and largest scale drinking projects in the world in that State, and your willingness to work with us on those projects is a big reason why we have come as far as we have. Thank you.

Senator DOMENICI. Thank you very much, Senator.
Senator Allard.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Well, Mr. Chairman, I would just like to make my full statement a part of the record and join you and the other members of the committee in expressing to Commissioner Keys our appreciation for his service. I understand that you have not decided what you are going to be doing next, but I wish you well in whatever endeavors you may decide to do, even if you are just going to retire and take life easy, which I cannot imagine somebody like you is going to end up doing. But I do wish you well with the other members of the committee.

Also, I just want to highlight a problem that I see emerging and that is maintenance of our facilities we already have out there. I know that other members have similar problems in their States that we do, that concern about certain projects that have some maintenance requirements that we think we really need to deal with and we need to rehabilitate many of those projects.

Colorado has 18 Bureau projects there. We have utilized the Department a lot historically, and these projects I think have become especially prominent in the last several years in Colorado, in fact the entire West, because of the terrible drought that you have out here on your chart. It has been shifting around both in the northern and southern parts of the West.

PREPARED STATEMENT

Many federally owned Bureau of Reclamation projects are currently at or past their life expectancy and in severe need of rehabilitation. The Bureau has maintained that rehabilitation is the same as operations and maintenance, which in many cases was turned over to local operating agencies. So I just say that it seems to me that we need to be looking at these things more seriously. So I will have some questions for you in that regard, and I do not understand why you do not take a greater interest in rehabilitation of these projects, because we are not going to be building new ones and we need to make sure that the ones that we have out there are up to par with changing standards and up there to operate at maximum efficiency, because I do not see us getting a lot of new projects out there.

Thank you, Mr. Chairman.
[The statement follows:]

PREPARED STATEMENT OF SENATOR WAYNE ALLARD

Mr. Chairman, thank you for holding this hearing. Those of us in the West are well aware of the important work that the Bureau of Reclamation has done over the years. In Colorado there are 18 Bureau projects. These projects are vital in supplying water to many people in rural areas of the State. The value of these projects has been especially prominent during the last 4 to 5 years, as Colorado—and the entire West—has experienced terrible drought.

I would like to mention a growing problem with Bureau projects throughout the West, which I will follow-up on during the question portion of this hearing. Many federally-owned Bureau of Reclamation projects are currently at, or past, their life expectancy and in severe need of rehabilitation. While the cost of rehabilitation is generally one-half to one-third of the cost of replacing a project this is more than many communities can afford. The Bureau has maintained that rehabilitation is the same as operations and maintenance, which in many cases was turned over to local operating agencies long ago.

It seems to me, however, that these two things are not the same. No matter how many oil changes or tune-ups you give a car, it will eventually no longer be serviceable. The same can be said of these projects. Local entities have worked diligently over the years to care for, and make repairs to, these projects. But eventually they reach the end of their operational life, and more extensive help is needed. I cannot understand why the Bureau continues to maintain that they have no responsibility to assist local communities in the rehabilitation of federally-built, federally-owned projects.

Before I close I would like to thank Commissioner Keyes for his service. Mr. Keyes, I understand that you have announced your resignation, and will be leaving the Bureau April 15. We wish you all the best in whatever you choose to do next.

Senator DOMENICI. Before we proceed, I think we should let this record, hearing record, reflect that we commence these hearings at a rather historic time, because under the Energy Policy Act we have totally modernized the licensing process for water projects in the United States and diversions, thanks to the extraordinary leadership of Larry Craig, and we have something that is workable. It is going to be a difficult, long, arduous implementation process, without any question. Perhaps we will have an oversight hearing when you think it is right.

Senator CRAIG. I think we should do that.

Senator DOMENICI. Sorry I did not have that on, but I think you understood most of what I said.

Incidentally, speaking to my staffer out there, I would prefer if you would come up here and sit by me.

Now, having said that, we are going to proceed, Commissioner, with you and then with Mark in that order. Or do you want to go in the reverse order? Mr. Secretary, do you want to go first?

Mr. LIMBAUGH. Yes, please, Mr. Chairman.

Senator DOMENICI. Let us do that. You are on.

STATEMENT OF MARK LIMBAUGH

Mr. LIMBAUGH. Thank you, Mr. Chairman and members of the committee. Good morning. I am pleased to be here today to introduce the 2007 budget for the Bureau of Reclamation and the Central Utah Project. I would ask that my entire statement be made part of the record.

Senator DOMENICI. It will be.

Mr. LIMBAUGH. Thank you, Mr. Chairman.

Joining me today is Reclamation Commissioner John Keys and CUPCA Program Director Reed Murray. Also with us is John Trezise, Budget Director for the Department of the Interior; and Bob Wolf, Reclamation Budget Director.

HIGHLIGHTS OF THE FISCAL YEAR 2007 BUDGET REQUEST FOR THE
BUREAU OF RECLAMATION

Before turning to the Commissioner, I would like to highlight a few details of the Reclamation request for the subcommittee. Recently, the National Academy of Sciences completed a study on the Bureau of Reclamation's construction and infrastructure programs. This study looked into the future of the agency and provided some insight on how Reclamation can improve its construction and infrastructure management functions, as well as address some contemporary problems in dealing with water supply and infrastructure challenges in the future.

I want to assure this subcommittee, Mr. Chairman, that I am personally committed to ensuring that Reclamation addresses the findings and recommendations of this study in order to improve the effectiveness and efficiency of the management of infrastructure and construction processes. I brought copies of "Managing for Excellence," Reclamation's action plan in addressing the study's findings, for the subcommittee to review, and I look forward to working with all of you in this effort.

WATER SUPPLY CRISES IN THE WEST

Chronic water supply problems in the western States served by the Bureau of Reclamation will continue to be a challenge. Demand for water in many basins of the West, as many of you have noted this morning, exceeds available supply even in normal years. Recurrent droughts compound this problem. For example, the Southwest is in the sixth year of a severe drought. Projections for this year suggest very low water supplies that could negatively impact farmers, urban residents, Native Americans, and fish and wildlife alike.

When combined with the fact that the West is home to some of the fastest growing communities in the Nation, these realities guarantee that water supply crises will become more frequent if we do not act now. Our Water 2025 program has sparked a movement to change the way we think about and value water supplies in the West. The challenge grants under Water 2025 have provided the means for many western water managers to implement innovative measures for conserving and managing water more effectively to meet unmet needs. Through the challenge grant component of Water 2025, Reclamation has awarded 68 challenge grants in 16 western States, collectively, representing \$60 million in water management improvements, \$44 million of which came from private sources. In other words, non-Federal interests have invested approximately \$3 for every \$1 the Federal Government has invested.

Also, looking for the next generation of desalination technologies through targeted research and development will be key to finding new cost-effective water supplies in many areas of the West in the future.

Continuing the Water 2025 program into the future will encourage solutions to prevent conflict and crises over water, the real barriers to progress in the West. Speaking of problems, our water supply crises that we have seen recently in the Middle Rio Grande and

the Klamath River Basins are the sort of crises we hope to avoid through Water 2025.

In the 2007 budget, the Bureau of Reclamation continues to address the Klamath Basin with continued emphasis on working across the landscape cooperatively to address water needs of stakeholders and endangered species. In the Middle Rio Grande Project, the Reclamation request now totals almost \$24 million for fiscal year 2007. Of this amount, almost \$11 million is to address the status of endangered species, including the Rio Grande silvery minnow and the Southwest willow flycatcher, through the collaborative program.

In addition to Reclamation funding, Interior is working closely with other Federal agencies and non-Federal partners to improve the status of endangered species while also protecting existing and future uses of water in the basin. In fact, on April 11 and 12, Reclamation will host the first annual collaborative program symposium in Albuquerque to more effectively coordinate efforts to address endangered species needs in the basins.

Finally, the Middle Rio Grande Water Conservancy District is just one of the many entities Reclamation has worked with through the Water 2025 program to help stretch water supplies in a very dry area of the West.

PREPARED STATEMENT

In conclusion, I would now like to turn to Commissioner John Keys to provide more details on the Reclamation budget. After his statement, he and I would be pleased to answer questions, and Reed Murray from the Central Utah Project Office is also available for questions as well.

Mr. Chairman, thank you.
[The statement follows:]

PREPARED STATEMENT OF MARK LIMBAUGH

Good morning. I am pleased to be here today on behalf of the Secretary to discuss the fiscal year 2007 budget for the Department of the Interior. I appreciate the opportunity to highlight our priorities and key goals.

The Department's broad, multi-faceted mission and geographically dispersed services and programs uniquely contribute to the fabric of America by maintaining and improving the Nation's natural and cultural resources, economic vitality, and community well being. Interior's 70,000 employees and 200,000 volunteers live and work in the communities, large and small, that they serve. They deliver programs through partnerships and cooperative relationships that engage and invite citizens, groups, and businesses to participate.

The challenges of our diverse responsibilities are many, but they are made more manageable through an integrated approach that defines common mission goals for all bureaus and offices. The Department's integrated strategic plan is key to this approach. The plan defines four mission categories, which include resource protection, resource use, recreation, and serving communities. Capabilities in partnerships, management, and science are at the foundation of the plan and weave throughout the four mission goals.

Although the details of the respective missions of Interior's bureaus and offices differ, the central focus is the same. A focus on excellent performance requires mission clarity, good metrics, and management excellence. Management excellence requires a focused approach to maintain and enhance program results, making wise management choices, routinely examining the effectiveness and efficiency of programs, finding effective means to coordinate and leverage resources, and the continuous introduction and evaluation of process and technology improvements.

The 2007 budget reflects the Department's commitment to these management strategies and management excellence.

BUDGET OVERVIEW

The 2007 budget request for current appropriations is \$10.5 billion. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional \$5.6 billion, for a total 2007 Interior budget of \$16.1 billion.

The 2007 current appropriations request is a decrease of \$392.2 million or 3.6 percent below the 2006 funding level. If emergency hurricane supplemental funding is not counted, the 2007 request is a decrease of \$321.9 million or 2.9 percent below the 2006 level.

The request for the Bureau of Reclamation and the Central Utah Project, funded in the Energy and Water Development Appropriations Act, is \$923.7 million. This request includes a net programmatic reduction of \$43.1 million, or 4.1 percent, from the 2006 funding level. It also includes the proposed cancellation of \$88.0 million in prior year balances of appropriations for the Desert Terminal Lakes program.

The 2007 Central Utah Project budget is \$40.2 million, an increase of \$6.1 million above the 2006 enacted level. The increase will maintain progress towards timely completion of the project. This funding level, if maintained in the out years, will allow the project to be completed by 2021.

2005 HURRICANES

In addition to the funds requested in the budget, on February 16, 2006, the President sent the Congress a supplemental funding request for hurricane recovery. The supplemental includes \$216 million for Interior agencies. Funding will be used to conduct clean-up and debris removal and repairs and reconstruction of facilities at park units, refuges, and USGS science facilities. These actions will allow us to open roads and trails to the public, repair visitor centers and exhibits, and reconstruct water control structures to host migratory bird populations and other wildlife. The supplemental also includes funding for MMS to complete restoration of its operations in New Orleans.

DEPARTMENTAL PROGRAMMATIC HIGHLIGHTS

The 2007 budget maintains and improves performance across the Department's strategic goals to achieve healthy lands and water, thriving communities and dynamic economies throughout the Nation. Key goals for 2007 include:

- Enhancing America's energy supplies through responsible energy development and continued implementation of the Energy Policy Act;
- Building on successful partnerships across the country and expanding opportunities for conservation that leverage Federal investments;
- Continuing to advance trust reform;
- Coordinating existing efforts under a unified program that focuses on high-priority historic and cultural protection under the Preserve America umbrella;
- Preventing crises and conflicts over water in the West through Water 2025;
- Continuing to reduce risks to communities and the environment from wildland fires; and
- Providing scientific information to advance knowledge of our surroundings.

Before turning this over to Commissioner John Keyes for a detailed discussion of our water programs in the Bureau of Reclamation, I want to highlight several aspects of the Interior Department budget.

EVERGLADES

I want to commend the subcommittee for its continued support of Everglades restoration efforts. The Department is both a steward, with specific mandates from Congress, and a partner, working with other agencies to restore and protect the South Florida ecosystem. The Department's highest priority in this effort is the completion of the Modified Water Deliveries project. Completion of this project is critical for the preservation and restoration of the resources at Everglades National Park. Furthermore, improved flows of water to the park will lay a strong foundation for future environmental benefits to be realized for the Everglades under the Comprehensive Everglades Restoration Plan.

The funding for the Modified Water project provided in 2006 with the strong support of the subcommittee will complete the 8.5 Square Mile Area component of the project. Funding requested for 2007 in the budget of the National Park Service and the Corps of Engineers will begin work on modification of the Tamiami Trail. As the subcommittee is aware, the recently approved Revised General Reevaluation Report for the Tamiami Trail calls for a 2-mile bridge to the west and 1-mile bridge to the east. This approach will provide the necessary conveyance of water south

from the Water Conservation Area 3B into the Northwest Shark River Slough section of the Everglades National Park.

WATER 2025—PREVENTING CRISES AND CONFLICTS

The 2007 budget includes an increase of \$9.5 million for Water 2025, for a total funding level of \$14.5 million. I am pleased to report that the administration has submitted legislation for the authorization necessary to accomplish the goals of this program.

The overarching goal of Water 2025 is to meet the challenge of preventing crises and conflicts over water in the West. Water 2025 will achieve this by increasing the certainty and flexibility of water supplies, diversifying water supplies, and preventing crises through added environmental benefits in many watersheds, rivers, and streams.

Competitive 50/50 Challenge Grant Program.—The Challenge Grant program will remain an integral part of Water 2025 in 2007. In fiscal year 2004 and again in fiscal year 2005, the response to the program was overwhelming, with Reclamation receiving over 100 proposals for Challenge Grants each year. To date, Reclamation has awarded funding for 68 Challenge Grants in 16 States, including 62 projects by irrigation and water districts and 6 more by western States. The funded projects involve innovative approaches to improving water management through water marketing, water conservation, and modernizing water delivery systems. Collectively, these projects represent almost \$60 million in improvements in the West, including a non-Federal contribution of \$44 million and the Federal Government contribution of \$15 million. In other words, for every \$1 the Federal Government has invested, there has been about \$2.90 non-Federal investment.

The projects selected for award through the Challenge Grant program in fiscal year 2004 and fiscal year 2005 include:

- 23 projects that, collectively, will convert 74 miles of dirt canals to pipeline;
- 44 projects to install water measurement devices, SCADA systems and automate water delivery systems; and
- 11 projects that include water marketing plans.

Based on estimates in the project proposals, the 68 funded projects could save up to 285,000 acre-feet per year, collectively, once fully implemented. An acre-foot of water is enough to supply a family of four for up to a year.

The overwhelming response to the Challenge Grant Program underscores the significance of Water 2025 to Western water users and proves the success of the Challenge Grant concept. The response to the Challenge Grant Program also demonstrates a widespread eagerness to improve the way water is managed across the West and to address local needs.

Examples of some of the funded Challenge Grant projects include:

Arizona.—The Gila Gravity Main Canal Board, in partnership with the City of Yuma and NAD Bank, will make canal system improvements to conserve water, restore canal capacity and improve operation efficiency. Resulting water savings are estimated at up to 45,000 acre-feet (af) of water per year. The conserved water will be available for other Colorado River users. The total project cost is \$2,207,775 with a Water 2025 contribution of \$284,000.

California.—The Calleguas Municipal Water District in Thousand Oaks will install automated monitoring devices to 23 water distributors to allow implementation of new rate structures encouraging more efficient water use, conservation of water, and better management of local groundwater supplies. This project will reduce demand on the Metropolitan Water District and the Colorado River and will save an estimated 5,500 acre-feet per year. The total project cost is \$3,095,000, with a Water 2025 contribution of \$300,000.

Idaho.—The Preston Whitney Reservoir Company will replace 23,333 feet of open canal with PVC pipe and modify the works structure at Lamont Reservoir. The project is estimated to save 1,800 acre-feet of water per year. The total project cost is \$877,153, including the Water 2025 contribution of \$300,000.

Montana.—The Paradise Valley Irrigation District will replace 9,000 feet of leaky canal with a pressure pipeline system that will conserve 1,000 acre-feet of water per year. It will be one of the first pressurized systems in the area and a significant improvement over the old system. This project will conserve water for the District by eliminating seepage in the canal and improve operation and control in the main canal. Efficiency levels will reach nearly 100 percent with the new pipeline system, compared to the current efficiency rate of 40 to 45 percent. Irrigation seasons will be extended during drought years by making more use of the water that is available. The total project cost is \$524,215, with a Water 2025 contribution of \$262,107.

New Mexico.—The State of New Mexico will rehabilitate a USGS streamflow gage on the Pecos River to provide more accurate high streamflow measurements. The gage will help better measure water under high flow conditions. Accurate measurement of water delivered to Texas under the Pecos River Compact is critical to the State. The total project will cost \$146,660 with a Water 2025 contribution of \$59,480.

Oregon.—The Central Oregon Irrigation District in Bend Oregon will collaborate with numerous partners—seven irrigation districts, six cities, three tribes, and the Deschutes Resource Conservancy—to address long-term basin water needs by establishing a pilot water bank. This project has a long-term potential savings of up to 326,522 acre-feet a year. The project demonstrates collective partnering of basin interests and addresses many institutional constraints. The total cost of the project is \$588,750, with a Water 2025 contribution of \$233,750.

Texas.—The District will purchase and install 225 on-farm delivery site meters for more precise water measurement and efficient water delivery. The saved water—3,464 acre-feet per year—will enable continued farming during droughts and increase the length of the irrigation season. On-farm metering will help the District achieve its goal of 100 percent volumetric pricing of water delivered to its users. The total cost of the project is \$602,500, with a Water 2025 contribution of \$300,000.

Utah.—The Sevier River Water Users Association in Utah will expand and enhance their real-time monitoring and control system to better manage water deliveries. The project is estimated to save up to 22,500 acre-feet of water.

Water System Optimization Reviews.—The fiscal, legal, and political hurdles to the development of significant new supplies make it imperative that existing water supply infrastructure be fully utilized within the framework of existing treaties, interstate compacts, water rights, and contracts. Reclamation will work with willing States, irrigation and water districts, and other local entities to assess the potential for water management improvements in a given basin or district. Potential actions identified in these reviews may form the basis for future Water 2025 cooperative grant proposals.

Improved Water Purification Technology.—We can make better use of existing water supplies that may have limited use due to high salt or mineral contents, or which may be otherwise unsuitable for consumptive use. Lowering the cost of desalination is one of the key tools to managing scarce water resources because of the potential it offers to expand usable water supplies. A portion of the funding requested will be used to award competitive, cost-shared research and development cooperative agreements that focus on inland brackish ground waters, energy efficiencies, and management of concentrates.

A majority of the funding requested for this component will support operations and research and development conducted at the Tularosa Basin National Desalination Research Facility, which is proposed to be re-named the Brackish Groundwater National Desalination Research Facility and scheduled to be operational in 2007. The budget request includes funds for start-up operations, including hiring an external organization to operate the facility under Reclamation direction and starting initial research and development.

KLAMATH RIVER BASIN

The Klamath River Basin demonstrates our ability to work across the landscape cooperatively to accomplish our goals. The 2007 budget includes \$63.4 million for Klamath Basin restoration activities. This is an increase of \$7.8 million and, with funds available in 2006, will be used to restore streams and wetlands in the upstream and downstream reaches of the Klamath River and its tributaries.

The Reclamation budget request of \$32.2 million provides funding for studies and initiatives related to improving water supplies to meet the competing demands of agricultural, tribal, wildlife refuge, and environmental needs in the Klamath River Basin.

—The request includes an increase of \$2.4 million for investigations to increase water storage/conserved water, an increase of 132 percent from 2006, for a total funding level of \$4.2 million.

—The request includes an increase of \$982,000, for total funding of \$8.7 million to address ESA requirements including fish screens, passage, and ladders.

—The balance of the funding increase is spread across various components of the Klamath Project, primarily water quality studies and operations and maintenance.

In 2007, through its Partners for Fish and Wildlife program, FWS will begin a new \$2.0 million Lower Klamath Basin initiative. Funding will be used to provide fish passage on tributaries; fencing for riparian areas along streams; assessment

and monitoring of disease, particularly in juvenile fish; and restoration of stream channels from former mining excavations. The 2007 budget also includes \$3.5 million to acquire and restore agricultural lands adjacent to Upper Klamath Lake to provide quality habitat for larval and juvenile suckers and a host of native waterbirds, improve water quality for the lake and downstream anadromous fish, and increase water storage in the lake.

ADDRESSING OTHER DEPARTMENTAL CHANGES

For the record, I would like to call the attention of the subcommittee to proposals requested in the President's Budget for programs funding in the Interior, Environment and Related Agencies Appropriations Act. The budget continues to emphasize our operating programs, including those for the National Park Service, leveraging of Federal resources through cooperative conservation; continued progress on Indian Trust reform; and increasing access to renewable and non-renewable energy sources, while enhancing environmental monitoring and protection. Some details of our energy proposals follow.

ENERGY DEVELOPMENT

The Department's energy programs play a critical role in providing access to domestic oil, gas, and other energy resources. To enhance domestic production, the 2007 budget proposes a \$43.2 million initiative to implement the Energy Policy Act of 2005 and continue progress on the President's National Energy Policy. In total, the budget includes \$467.5 million for the Department's energy programs.

APD Processing.—In 2003, the Department released an Energy Policy and Conservation Act mandated report identifying five basins in Montana, Wyoming, Utah, Colorado, and New Mexico as containing the largest onshore reserves of natural gas in the country and the second largest resource base after the Outer Continental Shelf. These onshore basins contain an estimated 139 trillion cubic feet of natural gas, enough to heat 55 million homes for almost 30 years. These resources offer the best opportunity to augment domestic energy supplies in the short-term.

Before any leasing for oil and gas production can occur on the public lands in these areas, BLM must have a land-use plan in place. Beginning in 2001, with the support of Congress, BLM initiated the largest effort in its history to revise or amend all of 162 resource management plans. Within areas designated in plans as appropriate for mineral development, BLM has made a concerted effort to help bring additional oil and gas supplies to market. In 2002, 2.1 Tcf were produced from Federal, non-Indian lands. In 2003 and 2004, 2.2 Tcf and 3.1 Tcf, respectively, were produced from these lands.

The BLM is experiencing a steady increase in the demand for drilling permits. In 2000, BLM received 3,977 applications for permits to drill. In 2005, BLM received 8,351 APDs. The bureau estimates that the number it will receive in 2006 will exceed 9,000, more than double the number processed 5 years ago. To address this demand, BLM has taken steps to ensure that drilling permit applications are processed promptly, while at the same time ensuring that environmental protections are fully addressed. These measures, along with increased funding, have allowed BLM to make significant progress in acting on permit applications. In 2005, BLM processed 7,736 applications, nearly 4,000 more than it was able to process in 2000.

Section 365 of the Energy Policy Act established a pilot program at seven BLM field offices that currently handle 70 percent of the drilling permit application workload. The pilot program is testing new management strategies designed to further improve the efficiency of processing permit applications. The Energy Policy Act provides enhanced funding for the pilot offices from oil and gas rental receipts. With more efficient processes and authorities and funding provided through Section 365, BLM currently anticipates processing 10,160 permits in 2006.

The efforts of BLM have achieved significant results. Almost 4,700 new onshore wells were started in 2005. This level of activity is 56 percent higher than in 2002.

For 2007, the budget proposes an increase of \$9.2 million to focus on the oil and gas workload in BLM's non-pilot offices, which are also experiencing a sharp and sustained demand for APDs. This increase will provide \$4.3 million for drilling permit processing and \$2.8 million for inspection and enforcement activities. It will also provide \$2.1 million for energy monitoring activities. The budget also includes \$471,000 for FWS to increase consultation work with the non-pilot offices.

The budget assumes continuation through 2007 of the enhanced funding for pilot offices from oil and gas receipts to facilitate a smooth transition to funding from drilling permit processing fees, effective September 30, 2007. Legislation to be proposed by the administration will allow a rulemaking to phase in full-cost recovery

for APDs, beginning with a fee amount that will generate an estimated \$20 million in 2008, fully replacing the amount provided by the Energy Policy Act.

Alaska North Slope.—The most promising area for significant long-term oil discoveries and dramatic gains in domestic production in the United States is the Alaska North Slope. The U.S. Geological Survey estimates a 95 percent probability that at least 5.7 billion barrels of technically recoverable undiscovered oil are in the ANWR coastal plain and 5 percent probability of at least 16 billion barrels. They estimate the mean or expected value is 10.36 billion barrels of technically recoverable undiscovered oil. At \$55 a barrel, more than 90 percent of the assessed technically recoverable resource estimate is thought to be economically viable. At peak production, ANWR could produce about 1 billion barrels of oil a day, about 20 percent of our domestic daily production and more oil than any other State, including Texas and Louisiana.

The 2007 budget assumes the Congress will enact legislation in 2006 to open ANWR to energy exploration and development with a first lease sale held in 2008 and a second in 2010. The budget estimates that these two lease sales will generate a combined \$8.0 billion bonus revenues, including \$7.0 billion from the 2008 lease sale.

The 2007 budget includes an increase of \$12.4 million for BLM energy management activities on the Alaska North Slope. The additional funds will support the required environmental analyses and other preparatory work in advance of a first ANWR lease sale in 2008. The requested increase will also support BLM's leasing, inspection, and monitoring program in the National Petroleum Reserve-Alaska and BLM's participation in the North Slope Science Initiative authorized by the Energy Policy Act. In addition, a significant share of the \$12.4 million increase will be used by BLM to respond to the environmental threat posed by abandoned legacy wells and related infrastructure on the North Slope.

Outer Continental Shelf Development.—Deepwater areas of the Gulf of Mexico currently account for 17 percent of domestic oil and 6 percent of domestic gas production. However, over the next decade, oil production in the Gulf is expected to increase by 43 percent and natural gas by 13 percent. The increase will come from deepwater and greater depths below the ocean floor. The 2007 budget includes an increase of \$2.1 million for OCS development, to allow MMS to keep pace with the surge in exploration and development in the deepwater areas of the Gulf and \$1.5 million for OCS environmental impact statements on future lease sales.

New Innovations in Energy Development.—The 2007 budget includes an increase of \$6.5 million for MMS's new responsibilities under the Energy Policy Act for off-shore renewable energy development. MMS will establish a comprehensive program for regulatory oversight of new and innovative renewable energy projects on the OCS, including four alternative energy projects for which permit applications were previously under review by the U.S. Army Corps of Engineers.

Oil shale resources represent an abundant energy source that could contribute significantly to the Nation's domestic energy supply. Oil shale underlying a total area of 16,000 square miles in Colorado, Utah, and Wyoming represents the largest known concentration of oil shale in the world. This area may contain in place the equivalent of 1.2 to 2 trillion barrels of oil. The budget proposes a \$3.3 million increase, for a total program of \$4.3 million, to enable BLM to accelerate implementation of an oil shale development program leading to a commercial leasing program by the end of 2008, in compliance with section 369 of the Energy Policy Act. This request is accompanied by \$500,000 budgeted for USGS to determine the size, quality, and quantity of oil shale deposits in the United States.

Gas hydrates, found in some of the world's most remote regions such as the Arctic and deepwater oceans, could dramatically alter the global balance of world energy supply. The estimated volume of natural gas occurring in hydrate form is immense, possibly exceeding the combined value of all other fossil fuels.

The 2007 budget includes a \$1.9 million package of increases for gas hydrate research and development by MMS, BLM, and USGS. This will fund a coordinated effort in the Gulf of Mexico and the North Slope of Alaska to accelerate research, resource modeling, assessment, and characterization of hydrates as a commercially viable source of energy.

CONCLUSION

The budget plays a key role in advancing our vision of healthy lands, thriving communities, and dynamic economies. Behind these numbers lie people, places, and partnerships. Our goals become reality through the energy and creativity efforts of our employees, volunteers, and partners. They provide the foundation for achieving the goals highlighted in our 2007 budget. This concludes my overview of the 2007

budget proposal for the Department of the Interior and my written statement. I will be happy to answer any questions that you may have.

Senator DOMENICI. We thank you. Who was it you wanted me to call on next?

Mr. LIMBAUGH. Commissioner Keys.

Senator DOMENICI. Mr. Commissioner, you have the floor.

SUMMARY STATEMENT OF JOHN W. KEYS III

Mr. KEYS. Thank you, Mr. Chairman and members of the committee. It is my absolute pleasure to be here with you today to talk about our budget request for fiscal year 2007. As he said, with me is Bob Wolf, our Director of Program and Budget, who helps me keep up with the numbers.

Let me say, before I go ahead, that it is a pleasure to work with you and your committee staff. They have been good friends over the years and your staff people have been just outstanding to work with, and we do appreciate that very much.

I have submitted a full statement and I would appreciate it being made part of the record.

Senator DOMENICI. It will be.

Mr. KEYS. Mr. Chairman, before I get into——

Senator DOMENICI. Does that mean our staff has not given you enough static?

Mr. KEYS. No, sir, Mr. Chairman, that is not what it means. It means that we work together very well.

Senator DOMENICI. I see, okay. Static notwithstanding?

Mr. KEYS. That is correct.

Senator DOMENICI. Okay.

NATIONAL ACADEMY OF SCIENCES STUDY

Mr. KEYS. Mr. Chairman, before I get into the 2007 budget request, let me expand on some of the material that Mark talked about with the National Academy of Sciences study. In 2005, the Academy conducted a study to help Reclamation determine the appropriate organizational, management, and resource configurations needed to meet its construction and infrastructure management responsibilities associated with fulfilling our mission. This is the report that they produced from that effort.

We have produced an action plan to address the recommendations of this report, and we are pleased to share it with Congress and our stakeholders. We have provided you with copies so that you can see what we are trying to do. As we formulate actions to respond to the recommendations of the Academy, we will keep you informed to solicit your input and input from our customers and stakeholders. We have teams working on all of these issues. They will receive all of the time and attention that they need from my office on down. We appreciate the critical thinking that the Academies have given us and the information in the report. We fully intend to use it to improve Reclamation and the way we do business in the 21st century.

FISCAL YEAR 2007 BUDGET REQUEST FOR THE BUREAU OF
RECLAMATION

Mr. Chairman, the overall 2007 budget request for Reclamation is \$971.6 million in current authority. The numbers that you used in your opening remarks are correct. Our 2007 budget request continues the President's commitment to a more citizen-centered government and supports Reclamation's mission of delivering water and generating power. Some highlights from that proposal:

HIGHLIGHTS OF THE FISCAL YEAR 2007 BUDGET REQUEST

The Water 2025 program asks for \$14.5 million, and I have provided an update on the Water 2025 program. Mark provided some statistics from the program. We think it is an excellent program that has a lot of potential to help us address problems in the near and mid-term future.

We have submitted a bill to Congress for permanent authorization of that program. This past year, we worked with our customers and stakeholders to put that bill together, and it has been submitted to Congress.

On the Klamath project, we are asking for \$24.8 million. The 2007 funding request would continue the on-the-ground initiatives to meet multiple obligations, including providing water for irrigation and wildlife refuges, avoiding jeopardy to endangered and threatened species, and meeting tribal trust obligations.

Mr. Chairman, I might add that there was a court ruling on the Klamath project that directed Reclamation to attain the phase 3 flows on the Klamath River. I am happy to tell you that we have enough water in the Klamath Basin to meet those phase 3 flows in the river and to deliver irrigation water this year. We would have a problem if we get into a back-to-back bad water year situation. The court ruling was made, and we think we can meet the obligations on the Klamath River.

Senator DOMENICI. So that is good news for the Senators involved there.

Mr. KEYS. Yes, sir, it is.

I would add that the good water year helps because in some places, we have in excess of 200 percent of normal precipitation in the area.

On the Middle Rio Grande, we are asking for \$23.7 million. That request would continue funding in support of the endangered species collaborative program and for acquiring supplemental water, doing the channel maintenance, and pursuing government-to-government consultations with Pueblos and tribes in the basin. The funding would also continue efforts to support the protection of and contribute to the recovery of the Rio Grande silvery minnow and the Southwest willow flycatcher.

On the Animas-La Plata Project, we are asking for \$57.4 million. The 2007 request would continue funding construction of the project's major features, Ridges Basin Dam and the Durango pumping plant. It would also allow us to begin construction of the Ridges Basin Inlet Conduit and keep the project on schedule.

On site security, we are requesting \$39.6 million. The 2007 request would ensure the safety and security of the public, Reclama-

tion's employees, and the key facilities on Reclamation projects. The fiscal year 2007 request assumes annual costs associated with guard and patrol activities would be treated as project costs subject to reimbursability. Costs of program management, studies, and hardening of facilities would remain non-reimbursable.

For the Safety of Dams program, we are asking for \$69 million. The 2007 request would provide for risk management activities throughout Reclamation's inventory of 361 dams and dikes. The request would also provide pre-construction and construction activities for up to 21 dams identified through the program.

Our Rural Water program asks for \$68.7 million. This request would support completion of ongoing rural projects and includes funding for municipal, rural and industrial systems for the Garrison Diversion Unit, the Mni Wiconi Project, Fort Peck-Dry Prairie Project, and the Lewis and Clark Project.

For the CALFED-Bay Delta program, we are asking for \$38.6 million. Funds are requested to continue implementation of priority activities included in the CALFED-Bay Delta Authorization Act. Specifically, funds would be used for the environmental water account, storage feasibility studies, conveyance feasibility studies, science, implementation of projects to improve Delta water quality, ecosystem restoration, and planning and management activities.

PREPARED STATEMENT

Mr. Chairman, the 2007 budget request demonstrates Reclamation's commitment to meeting the water and power needs of the West in a fiscally responsible manner. Reclamation is committed to working with its customers, States, tribes, and other stakeholders to find ways to balance and provide for the mix of water resource needs in 2007 and beyond.

Thank you again for the continued support from the committee, and we would be happy to answer what questions you might have. [The statement follows:]

PREPARED STATEMENT OF JOHN W. KEYS III

Thank you, Mr. Chairman, and members of the subcommittee for the opportunity to appear in support of the President's fiscal year 2007 budget request for the Bureau of Reclamation. With me today is Bob Wolf, Director of Program and Budget.

Our fiscal year 2007 request has been designed to support Reclamation's efforts to deliver water and generate hydropower, consistent with applicable State and Federal law, in an environmentally responsible and cost-efficient manner.

The funding proposed is for key projects that are important to the Department and in line with administration objectives. The budget request also supports Reclamation's participation in efforts to meet emerging water supply needs, to address water shortage issues in the West, to promote water conservation and improved water management, and to take actions to mitigate adverse environmental impacts of projects.

The fiscal year 2007 request for Reclamation totals \$971.6 million in gross budget authority and is partially offset by discretionary receipts in the Central Valley Project Restoration Fund (\$33.8 million) and rescission of unobligated balances for At Risk Desert Terminal Lakes (\$88 million). The total program, after offsets to current authority and the inclusion of permanent authority is \$849.8 million.

WATER AND RELATED RESOURCES

The fiscal year 2007 request for Water and Related Resources is \$883.4 million. More specifically, the request for Water and Related Resources includes a total of \$456.5 million for water and energy, land, and fish and wildlife resource management activities (which provides for construction, management of Reclamation lands,

and actions to address the impacts of Reclamation projects on fish and wildlife), and \$376.9 million for facility operations, maintenance, and rehabilitation activities.

Providing adequate funding for facility operations, maintenance, and rehabilitation continues to be one of Reclamation's highest priorities. Reclamation continues to work closely with water users and other stakeholders to ensure that available funds are used effectively. These funds are used to allow the timely and effective delivery of project benefits; ensure the reliability and operational readiness of Reclamation's dams, reservoirs, power plants, and distribution systems; and identify, plan, and implement dam safety corrective actions and site security improvements.

Highlights of the fiscal year 2007 request for water and related resources include:

Water 2025 (\$14.5 million).—Water 2025 is a high priority for the Secretary of the Interior and will focus Reclamation's financial and technical resources on areas in the West where conflict over water either currently exists or is likely to occur in the coming years.

The overarching goal of Water 2025 is to meet the challenge of preventing crises and conflict over water in the West. Water 2025 will attain this goal by increasing certainty and flexibility in water supplies, diversifying water supplies, and reducing conflict through the use of market-based approaches and enhancing environmental benefits in many watershed, rivers and streams consistent with State and Federal laws.

With \$14.5 million, Water 2025 will continue to be a multifaceted program with projects that embody the overarching goal of preventing crises and conflict over water in the West. Leveraging limited Federal dollars through the Challenge Grant Program will continue to be a major component of Water 2025. The Challenge Grant Program will focus on projects that improve water management through conservation, efficiency, and water markets, as well as collaborative solutions to meet the needs of the future. Beginning in fiscal year 2007, a system optimization review component has been added to ensure existing water management systems are operated to maximize water deliveries. Modernization of existing systems will occur within the framework of existing treaties, interstate compacts, water rights, and contracts. Water 2025 will also continue to fund research for water purification, including research on desalination.

The Department transmitted the administration's proposed permanent authorizing language to Congress on March 7, 2006.

I would like to share with the committee several highlights of the Reclamation budget:

Klamath Project in Oregon and California (\$24.8 million).—The fiscal year 2007 request will continue and increase funding for studies and initiatives related to improving water supplies to meet the competing demands of agricultural, tribal, wildlife refuge, and environmental needs in the Klamath River basin. Key areas of focus include increasing surface and groundwater supplies, continuing a water bank, making improvements in fish passage and habitat, taking actions to improve water quality, and continuing coordination of Reclamation's conservation implementation program.

Lower Colorado River Operations Program (\$17.0 million).—The fiscal year 2007 request will provide funds for the work necessary to carry out the Secretary's responsibilities as water master of the lower Colorado River. The fiscal year 2007 request funds measures under the multi-species conservation program to provide long term Endangered Species Act compliance for lower Colorado River operations for both Federal and non-Federal purposes.

Middle Rio Grande (\$23.7 million).—The fiscal year 2007 request will continue to address endangered species issues and support of the Endangered Species Collaborative Program. In addition, the request will continue funding for acquiring supplemental water, channel maintenance, and pursuing government-to-government consultations with Pueblos and Tribes. Finally, the funding will continue efforts that support the protection and contribute to the recovery of the Rio Grande silvery minnow and southwestern willow flycatcher.

Animas-La Plata in Colorado and New Mexico (\$57.4 million).—The fiscal year 2007 request includes \$57.4 million to continue construction of the project's major features, Ridges Basin Dam and Durango Pumping Plant. While work on these two features began in fiscal year 2003, maintaining funding at the level we have identified is necessary to complete construction of these features in a timely fashion. This level of funding will also permit the start of construction on the Ridges Basin Inlet Conduit, which is necessary to avoid substantial Project delays. Funding will be primarily directed to these three features while other key features are held for future implementation.

Columbia/Snake River Salmon Recovery in Idaho, Oregon, Montana, and Washington (\$17.3 million).—The fiscal year 2007 request will address the requirements

in the biological opinions issued in December 2000 by the Fish & Wildlife Service and in November 2004 by the National Marine Fisheries Service. The 2004 biological opinion has been remanded to NOAA Fisheries and a new biological opinion is due in October 2006. During the remand, the 2004 biological opinion remains in place as Reclamation continues to implement actions identified in the 2004 updated proposed action. These requirements include significantly increased regional coordination efforts; actions to modify the daily, weekly, and seasonal operation of Reclamation dams; acquisition of water for flow augmentation; tributary habitat activities in selected subbasins to offset hydrosystem impacts; and significantly increased research, monitoring, and evaluation.

Site Security (\$39.6 million).—An appropriation in the amount of \$39.6 million is requested for site security to ensure the safety and security of the public, Reclamation's employees and key facilities. This funding includes \$15.4 million for physical security upgrades and \$24.2 million to continue all aspects of Reclamation-wide security efforts, including law enforcement, risk and threat analysis, implementing security measures, undertaking security-related studies, and maintaining guards and patrols on the ground.

The fiscal year 2007 budget request assumes annual costs associated with guard and patrol activities will be treated as project O&M costs subject to reimbursability based on project cost allocations. These costs in fiscal year 2007 are estimated at \$20.9 million of which \$18.9 million will be reimbursed; the actual amount may differ from this estimate based on actual operations costs. Of the funding to be reimbursed, \$11.6 million will be in direct up-front funding from power customers, while \$7.3 million in appropriated funds will be reimbursed by irrigation users, M&I water users, and other customers in the year in which they were incurred through Reclamation's O&M allocation process. Reclamation will continue to treat facility fortification, studies, and anti-terrorism management-related expenditures as non-reimbursable.

Safety of Dams (\$69.0 million).—Assuring the safety and reliability of Reclamation dams is one of the Bureau's highest priorities. The Dam Safety Program is critical to effectively manage risks to the downstream public, property, project, and natural resources. The fiscal year 2007 request will provide for risk management activities throughout Reclamation's inventory of 361 dams and dikes, which would likely cause loss of life if they were to fail. The request includes preconstruction activities for modifications planned for the future. In fiscal year 2007, there will be two large-scale ongoing corrective action projects plus four new awards.

Rural Water (\$68.7 million).—This request supports the completion of ongoing rural water projects. This includes funding for Municipal, Rural, and Industrial (MR&I) systems for the Pick Sloan-Missouri Basin Program—Garrison Diversion Unit (North Dakota), the Mni Wiconi Project (South Dakota), the Fort Peck Reservation/Dry Prairie Project (Montana), and the Lewis and Clark Project (South Dakota, Iowa, and Minnesota). The "Rural Water Act of 2005" (S. 895) was passed by the Senate in November 2005, and should address many of the problems identified by the Program Assessment Rating Tool (PART) evaluation of this program. The legislation directs the Secretary of the Interior to carry out a rural water supply program in reclamation States to: (1) investigate and identify opportunities to ensure safe and adequate rural water supply projects for municipal and industrial use in small communities and rural areas; and (2) plan the design and construction, through the conduct of appraisal investigations and feasibility studies, of such projects. This measure will bring more uniformity, direction, and prioritization for rural water projects. The legislation is awaiting action by the House.

Science and Technology (S&T) (\$8.5 million).—The fiscal year 2007 request includes funding for the development of new solutions and technologies which respond to Reclamation's mission-related needs. We feel our S&T work is important and will contribute to the innovative management, development, and protection of water and related resources. Of the amount requested, about \$1 million is planned for internal desalination Research & Development (R&D) conducted by Reclamation. Additionally, water purification funds requested through the Water 2025 program will be managed by the S&T program.

POLICY AND ADMINISTRATION

The \$58.1 million request is an increase of approximately \$800,000 from the fiscal year 2006 enacted level of \$57.3 million. The additional funding in the fiscal year 2007 request includes funding for labor cost increases due to cost of living raises and inflationary costs for non-pay activities. Funding requested will be used to: (1) develop, evaluate, and direct implementation of Reclamation-wide policy, rules, and regulations, including actions under the Government Performance and Results Act,

and implement the President's Management Agenda; and (2) manage and perform functions that are not properly chargeable to specific projects or program activities covered by separate funding authority.

CENTRAL VALLEY PROJECT RESTORATION FUND

This fund was established by the Central Valley Project Improvement Act, Title XXXIV of Public Law 102-575, October 30, 1992. The request of \$41.5 million is expected to be offset by discretionary receipts totaling \$33.8 million, which is the maximum amount that can be collected from project beneficiaries under provisions of Section 3407(d) of the Act. The discretionary receipts are adjusted on an annual basis to maintain payments totaling \$30.0 million (October 1992 price levels) on a 3-year rolling average basis. The net amount requested for fiscal year 2007, after the offset, is the same as fiscal year 2006. These funds will be used for habitat restoration, improvement and acquisition, and other fish and wildlife restoration activities in the Central Valley Project area of California.

CALIFORNIA BAY-DELTA (CALFED)

Title I of Public Law 108-361, titled the Calfed Bay-Delta Authorization Act, was signed by the President on October 25, 2004. The Act authorized \$389 million in Federal appropriations over the period of fiscal year 2005 through fiscal year 2010. For fiscal year 2007, \$38.6 million is requested to enable Reclamation to advance its commitments under the CALFED Record of Decision and with a focus towards implementation of priority activities included in the Calfed Bay-Delta Authorization Act that will contribute to resolving water resource conflicts in the CALFED solution area. Funds will specifically be used for the environmental water account, feasibility studies of projects to increase surface storage and improve water conveyance in the Delta, conduct critical science activities, implementation of projects to improve Delta water quality, ecosystem enhancements, and program planning and management activities.

PRESIDENT'S MANAGEMENT AGENDA

Reclamation continues to make progress in all areas of the President's Management Agenda. Efforts toward advancing management excellence in the fiscal year 2007 budget include: (1) improvements in performance based budgeting, (2) program evaluations utilizing the Program Assessment Rating Tool (PART), and (3) management studies to improve organizational, management, and resource configurations.

Performance Based Budgeting.—Reclamation's budget is supported by a performance-oriented framework that aligns to its mission and key outcome goals to: (1) Deliver Water Consistent with Applicable State and Federal Law, in an Environmentally Responsible and Cost-Efficient Manner, and (2) Deliver Power Consistent with Applicable State and Federal Law, in an Environmentally Responsible and Cost-Efficient Manner. Reclamation's work in Resource Protection and Recreation are also reflected in its outcome goals. The framework includes both long-term and annual performance goals that link to the Department of the Interior (DOI) Strategic Plan.

As part of Reclamation's budget process, funding requests for all projects and bureauwide programs are linked to the DOI Strategic Plan, further demonstrating their budget and performance ties. Activity Based Cost Management (ABCM) output data is also refined and analyzed to support Reclamation's efforts to produce cost information that, along with performance data, is used to enhance budget decision-making. ABCM data analysis will play an even greater role in formulating the fiscal year 2008 budget.

Program Assessment Rating Tool (PART).—Reclamation's performance budget also includes performance goals used in the assessment of program performance. For the fiscal year 2007 budget, Reclamation's Safety of Dams, Site Security and Water Management/Supply—Operations and Maintenance programs were evaluated using the PART process. The safety of dams program was rated effective. For this program, the administration has identified the need to establish performance data and track performance. The program has a strong track record, and refined performance measures will help us better track how well we are addressing dam safety issues. The site security program was rated moderately effective, with improvements needed in budget and performance integration. The program has been dramatically redesigned since 9/11/2001, and is making progress towards meeting our short-term and long-term goals of improving security at Reclamation facilities. The PART also rated the water management/supply operations and maintenance as adequate. Improvement plans for this program include developing a comprehensive strategy to operate and maintain Reclamation facilities.

Management Studies.—The National Academies of Science, National Research Council has completed its study to assist Reclamation in determining the appropriate organizational, management, and resource configurations to meet its construction and related infrastructure management responsibilities associated with fulfilling Reclamation's core mission of delivering water and power for the 21st century. An action plan that addresses the findings and recommendations in the study has been approved by the Secretary of the Interior. The action plan has been published on Reclamation's website and provided to the committee.

BUDGET AND PERFORMANCE INTEGRATION

In line with the Department's initiative, Reclamation continues to advance its efforts for improving budget and performance integration. To do so, Reclamation's senior leadership participates in quarterly reviews to focus on projections of whether or not our published annual performance targets will be met by the end of the fiscal year. When it is determined that accomplishment of a performance target may be in question, Reclamation identifies corrective actions to be taken.

Both Reclamation's budget and performance documents incorporate references to its outcome-oriented goals and measures as identified in the PART and the information that is used in the quarterly reviews with senior leadership. Reclamation completion of baseline data for several new measures will enable it, over time, to develop and analyze historical trends that may be used to better support its budget requests and the goals included in its operating plan.

FISCAL YEAR 2007 PLANNED ACTIVITIES

Reclamation's fiscal year 2007 priority goals are directly related to continually fulfilling our progress in water and power contracts while balancing a range of competing water demands. Reclamation will continue to deliver water consistent with applicable State and Federal law, in an environmentally responsible and cost-efficient manner. Reclamation will strive to deliver 28.4 million acre-feet of water to meet contractual obligations while addressing other resource needs (for example, recreation, fish and wildlife habitat, environmental enhancement, and Native American trust responsibilities). Reclamation will work to maintain our dams and associated facilities in fair to good condition to ensure the reliable delivery of water. Reclamation will strive to meet or beat the industry forced outage average to ensure reliable delivery of power. Reclamation will reduce salinity by preventing an additional 21,000 tons of salt from entering the water ways.

Moreover, the fiscal year 2007 budget request demonstrates Reclamation's commitment in meeting the water and power needs of the West in a fiscally responsible manner. This budget continues Reclamation's emphasis on delivering and managing those valuable public resources. Reclamation is committed to working with its customers, States, Tribes, and other stakeholders to find ways to balance and provide for the mix of water resource needs in 2007 and beyond.

CONCLUSION

Mr. Chairman, please allow me to express my sincere appreciation for the continued support that this committee has provided Reclamation. This completes my statement. I would be happy to answer any questions that you may have at this time.

Senator DOMENICI. Thank you very much.

I note that Senator Inouye arrived. Every other Senator had an opportunity to make a comment, Senator. If you would like to make one, you are welcome.

Senator INOUE. Mr. Chairman, I thank you very much. I came by to thank the Commissioner for his service to our country and to our people. Thank you very much.

Mr. KEYS. Thank you.

Senator INOUE. I wish the very best, sir.

Senator DOMENICI. Thank you very much, Senator Inouye.

Is any Senator on an urgent time frame, any more urgent than I?

Okay, I will ask a few questions and then—did you want further testimony or are we finished with the executive branch?

All right. Commissioner and Secretary, obviously you must know that I am very concerned about the drought in the West, in particular in New Mexico and the Southwest. The information that I have seen shows that the current snow pack is less than anything ever seen by current measurement system that was installed in 1980 in the Sangre de Cristo Mountains. It is possible that there will be no runoff from the Sangre de Cristo, which feeds the Santa Fe, the Pecos, the Canadian Rivers.

The most recent information that I have seen shows Pecos runoff estimated at 4 percent, Rio Grande 26, Zuni will get 1 percent of the normal runoff of Blue Water Lake. These are absolutely grim statistics. It is not like I am putting these to you expecting that you have solutions or that you are the cause. Neither. It is just a terrible statement of reality.

What is your assessment of the drought situation in the West and where do you anticipate the greatest impacts this year? Is there any assistance that the Bureau might offer to mitigate these impacts? What would drought contingency planning entail, and what triggers Reclamation to pay for water hauling versus drilling emergency wells? I put that all in one package, but I think that you understand what I am talking about. Could you start, please, and answer them?

Mr. KEYS. Mr. Chairman, the weather situation in the West is reversed from what it was last year. Last year, we had a wet Southwest and a dry northern tier. This year, we have a good wet northern tier and the conditions in the Southwest, the southern plains and the southern Rockies, are extremely poor.

Your characterization of the Middle Rio Grande and the Pecos is what the forecasts are showing. Certainly, we are trying to see how much water we have in storage. In the Rio Grande Basin, we are about 30 percent full in the storage space, and we are trying to see how long that water will last.

We are also purchasing water to be sure that we have enough for the silvery minnow in the Middle Rio Grande, and we have the water for the prior and paramount rights for the Pueblos set aside.

So with that said, what can we do to help? Title I of Public Law 102-250 expired last year. The Title I program allowed us, with proper appropriations, to do some temporary work on the ground. The only permanent facilities that could be done was the construction of wells, but it helped folks get through. A good example would be hauling water to some of the reservations.

Title I ran out, and we would certainly welcome the opportunity to work with you and your committee to get that renewed.

The Title II program gives us the ability to plan with the States and other entities to deal with the drought and to put plans together to find other water. We would certainly look forward to working with you on reauthorization of the Title I, and then, if we get the requests from States, to help them put drought contingency plans together.

Senator DOMENICI. We are working with you now on trying to put that in the supplemental appropriation.

Mr. KEYS. Great. Thank you very much.

Senator DOMENICI. Do you know anything about that, Mr. Secretary?

Mr. LIMBAUGH. Mr. Chairman, no. I do know a little bit about the drought and, being a former watermaster and manager of a river in Idaho, it always pays to get ahead of these things before they happen. The work that we have done with the Middle Rio Grande Conservancy District to enhance their ability to manage water more effectively and efficiently will help them in managing this horrible drought that they are about to experience. So we do believe, Senator, that having both proactive and reactive parts of this are extremely important.

Senator DOMENICI. Well, I have two more and I will be as quick as I can.

Last week, I was made aware of a serious water situation in the Ruidoso and Ruidoso Downs, New Mexico, area. The city council recently voted to initiate phase 4 water restrictions, the most severe they have ever had. The Downs has been under water rationing since 2002. Its Reclamation is aware of the water situation. We are wondering if there is any immediate help that Reclamation can offer these two communities? Do you know about them and is there any?

Mr. KEYS. Mr. Chairman, we were made aware of this situation about the same time you were last week. We do not have any projects in the area now, but our folks are working with your staff and the local folks to see if there is some help that we could make available to them.

Senator DOMENICI. It is my understanding that some of the provisions of the Reclamation State Emergency Relief Act have expired, and you indicated that. Assuming that we address this legislative issue, do you have any idea how much funding you would anticipate that Reclamation could utilize based on known and anticipated drought problems? We need that soon and I assume we are working on it together. Is that a fair assessment?

Mr. KEYS. Mr. Chairman, it is. Title I is the one that we need to be reauthorized. Should it be reauthorized, we could use around \$4 million to help address problems out there. In our proposal—Title II is still authorized, and we have about \$476,000 in our proposal for Title II, planning for the future drought.

Senator DOMENICI. I am going to hold on a question on advanced water treatment technologies, desalinization, and just see how we are doing in your opinion. You have got an initiative. We just wonder whether it is of the kind and stature and structure that we should count on for the future.

With that, I yield now to—Senator, are you ready on your side?

Senator ALLARD. My side is ready. I have no questions.

Senator DOMENICI. Senator Craig, then Senator Allard.

Senator CRAIG. Thank you very much, Mr. Chairman. Mr. Chairman, when Commissioner Keys was nominated I asked him that on his watch a Klamath Basin situation should never occur again and he assured me that to the best of his ability that would not happen, and it has not happened. But most importantly, I think 2025 has come out of some of those realities as to how we manage an over-allocated resource in light of the demands being put on it, whether it is for endangered species or just simply expanded use, and how we get there.

I guess, Commissioner, my question of you and the Secretary both would be: When we look at a report of this character and the idea of officially authorizing an approach like this, how do you see it laying out over a period of a decade and the kinds of resources that would be required of the budget, if you will, to accomplish what is outlined in this kind of effort?

Have you looked at it from a decade overview as to where it takes us and what we gain from it and how much it will cost?

Mr. LIMBAUGH. Mr. Chairman and Senator Craig, we have been amazed at the interest in the challenge grant program, with each year bringing over \$100 million in projects requesting Federal matching funds. We cannot begin to get to all of them. So the needs are out there.

The other thing we see that is progressive about this Water 2025 approach, is that it targets areas of the West where we can predict conflict and crises. We can predict problems, and try to get ahead of them before they become the next Klamath Basin, where we would have a problem with converging demands causing a huge disruption in water supplies to someone.

A decade of Water 2025 at any level of funding would be extremely helpful in these areas. We cannot say how much, once we get to the point of having the program up and running, how much more, how many more projects would be flushed out, how many solutions would be found that would need the seed money that 2025 and the challenge grant program provides. But we believe that getting ahead of these problems will produce even more solutions in other areas of the West that currently may not realize that they have problems.

Having that program in place, having a proactive look, managing for the future and providing the seed money, especially in tight budget times where we have limited funding, we believe is a very dynamic way to deal with the problems that maybe we cannot even predict at this point. But we can predict some problems now that we can effectively deal with.

Mr. KEYS. Mr. Craig, I think there are two things to add to what Mark said. One is that the Water 2025 program gives us the ability to work with water user groups to provide water through conservation to the new needs created by exploding populations, new industry, new endangered species needs, and at the same time, protect the basic water right of the irrigation folks who have the water right to start with.

The Water 2025 program gives them the mechanism to make that water available. It also lets us work with conservation and gives us time to see where there may have to be another infrastructure built. In other words, whether it is a dam, reservoir, desalination plant, or a recycling facility, there is a need for more infrastructure. Water 2025 gives us the time to take care of the immediate needs and plan for those future requirements.

Senator CRAIG. Well, I think the challenge grant and the approach you are using is an exciting one and it fits in a way that I think some of us who look at the traditional funding approaches of the Bureau of Reclamation may not have understood, and that we are dealing with a highly developed region of the country today, not one that needs to be developed, not one that needs the water

before it can develop. The world is significantly different in the Bureau regions where you have always been and been active. And there is money out there now and the opportunity to cost-share and/or to grant and/or to guarantee, all of those kinds of tools allow private sector money to be employed at a much higher level, I think.

I think your overview of that is valid, because what I am hearing out there—it is just like I think we got a chunk of money for recharge into the aquifer and yet the irrigation districts and all of that are very willing to pony up and participate when we have those kinds of grants.

So I think when we look at our budget challenges here we can leverage a public resource from this level in a much more expanded way through that kind of an approach. I thank you for that. It makes a lot of sense.

DAM SAFETY AND AGING INFRASTRUCTURES

I am concerned about, obviously, dam safety and infrastructure aging. I mentioned that in my opening comments. I also understand the reality of budgets this year. Mr. Chairman, the good news in my region of the country versus yours is we are probably having almost one of the wettest winters on record. The flip-flop that the Commissioner and the Secretary have talked about has occurred. It has flipped out of Idaho and the Inter-Mountain West and landed in the Southwest. We are in a weather pattern out there right now, though, that seems to be taking moisture across the whole region at a fairly heavy rate. It is certainly going to enhance what we already have and it may help you some.

But in all of our basins that are overallocated, and I suspect every one is now, excess water—it is interesting. Idaho is going through an interesting situation at this moment. We are dumping water. We are spilling at a rate that, a lot of Idahoans are stepping back and looking at that and saying: You know, we ought not be doing that; we ought to be spilling that throughout the season, if you will, for enhanced water quality and downstream water quality, than seeing it all go out, if you will, at this moment—which speaks to something you mentioned in passing as a combination of a lot of ideas, Commissioner, and that is increased storage. The West is going to have to deal with that at some time in the future, at our continued rate of growth. We can conserve, yes. We can spread, yes. We can use less, yes. But in reality you cannot populate at the rate that we are populating out there without trying to figure out how to expand a resource and add to it.

Thank you all very much.

Senator DOMENICI. We look forward to your first proposal at that time.

Senator CRAIG. It will come.

Senator DOMENICI. All right.

The Senator from Colorado.

Senator ALLARD. Mr. Chairman, thank you.

I want to follow up a little bit on my opening comments. I just want to pose this question to the Bureau. Why does the agency not believe that they should play a role in the rehabilitation of federally built and federally owned projects?

Mr. KEYS. Mr. Chairman, Mr. Allard, we work very closely with the irrigation districts. We work with them on annual reviews of their maintenance and their operation. We actually work with them on any deficiencies that are there. I would tell you that there are no critical deficiencies that are left untreated. In other words, there is no backlog of critical maintenance.

There are some things that should be taken care of, and we work with districts to help them manage their reserve funds to take care of those. Original contracts that all of those districts signed called for operation, maintenance, and replacement, and we work with the districts.

It is true that we do not have some of the old programs that we used to have such as the rehabilitation and betterment program, the small loan program, or the drainage and minor construction program. They were good programs, but they are not available any more. Certainly, we work to minimize the need for large expenditures, but sometimes it takes that. We try to find the money.

The bill that Mr. Craig talked about, the Rural Water bill, had a loan guarantee provision. Mark and I are working with the administration to have an administration bill that would accommodate that. Certainly, it is a way to help some of those districts address some of those problems.

Senator ALLARD. Now, based on just what you said, apparently you had a different approach than today, when you said you had a rehabilitation program. I suppose when you had that rehabilitation program you did not consider rehabilitation as being the same thing as operation and maintenance, and now my understanding is that within the Department you consider rehabilitation as the operation and maintenance.

Why did that change happen? Maybe could you elaborate on that a little further for me, please?

Mr. KEYS. Mr. Allard, in the old days when we had the rehabilitation and betterment program, the districts were still responsible for rehabilitation. When there was a need, they went to Congress to get a bill passed to provide the money for rehabilitation and betterment. However, they were still responsible, so they entered into repayment contracts.

Senator ALLARD. I see.

Now, if a project is willing and able to do rehabilitation work, but simply needs funding, does the Bureau object to being a pass-through agency for that funding?

Mr. KEYS. Mr. Allard, I am not sure what you mean by "pass-through." The loan guarantee program that we have proposed would let us co-sign the loan and use the facility that is owned by the Federal Government as collateral. They would benefit from a low-interest loan that could be made available through the Department of Agriculture, so we would back it up with the district.

Senator ALLARD. I am going to change over now to a problem area that I have in the State of Colorado, Leadville. It was the source of a lot of silver mining there and there is a lot of just natural lead in the soil, and as a consequence of that the drainage there from that particular part of our State has been classified as a Superfund site. I have a letter here from the State of Colorado trying to get the Environmental Protection Agency and the Bureau

of Reclamation to work together, as well as the Colorado Department of Public Health. According to this letter, basically you agree with the effort to try and work together as a group. The only thing is that you need to obtain some authorizing language in order for you to carry on your functions.

I would hope that maybe your office can work with us and see if we can come up with some authorizing language that would allow for that to move forward and get that whole thing off dead center right now.

Mr. KEYS. Mr. Allard, we would be more than happy to do that. We have been working closely with the State and EPA on the Leadville Mine drainage problem, and certainly, we would work with you to develop the right legislation.

Senator ALLARD. Our constituents in Colorado expressed a great deal of concern regarding the threat to Colorado's municipal water supplies, particularly the western slope reservoirs, due to a huge amount of fire danger from bark beetle-killed trees nearby. We have got some parts of the bark beetle where it just literally is wiping out entire forests. The Colorado River drainage, a lot of it comes out of those areas, some of it out of the North Platte.

My question to you is does the Bureau have a position on the threat to municipal water in Colorado? And more importantly, do you see the need for protective or other measures to reduce such threats?

Mr. KEYS. Mr. Allard, we work very hard to protect the watersheds above our reservoirs from development. When there is fire damage, we work with the Forest Service or BLM to do rehabilitation work, so we do not get the big influx of sediment that takes up the storage space.

We and the National Academy have just launched a review of some forest management practices, and that could be part of the study. Otherwise, we take it on a case-by-case basis and work with the local Forest Service and BLM.

Senator ALLARD. That bark beetle problem in our State, it has really been—I have been up to Alaska and seen whole watersheds wiped out. We are facing the same thing. It is not as obvious because the trees have not turned rust yet, rust-colored, but it is coming, and it is all over the West. Whatever you can do to help us address those issues and get these things moving and giving some thought about the impact of the bark beetle I think would be much appreciated. I know that Senator Craig has some of those issues also in Idaho, and probably in New Mexico.

Senator CRAIG. If the Senator would yield, when you go through these severe drought cycles and you stress trees in the way they have been stressed in the West, what follows is a beetle epidemic, and we are now into that cycle. We may be back into a wet cycle on the Rocky Mountain front and even in Idaho, but that does not mean the beetles will stop.

So we have these huge watersheds that are now dead and we are trying to get in them to clean them, revitalize them, by thinning. And of course we are being—we are head on head, if you will, with many of our environmental community groups. But what then follows a dead forest is a fire, and you are going to get total water-

shed wipeout, and then you have got major water quality problems of the kind you are talking about.

Senator ALLARD. Soil erosion, the whole works comes with that, silt problems.

Mr. KEYS. Mr. Allard, Mr. Craig, our Department has been one of the champions for the Healthy Forests Initiative, and certainly, the bark beetle is a big part of that focus. We have worked very closely with the Forest Service and with the Bureau of Land Management. Yes, we have several million acres that we manage also. Certainly, the Healthy Forests Initiative is trying to deal with the bark beetle problem.

Senator ALLARD. I have just one more question, Mr. Chairman, if I might.

A little over a year ago, the Bureau did a cost look-back study on the Arkansas Valley Conduit. That is a pipeline that runs out of the Pueblo Reservoir and goes down towards Kansas. However, to date the study has not been released. Can you tell me what the holdup is and when we can expect to see that study?

Mr. KEYS. Mr. Chairman, Mr. Allard, we are still working on the cost estimate for that study. As you know, cost estimates these days are almost a pariah in our construction programs, and that is not just unique to Reclamation. We anticipate having that done this summer.

Senator ALLARD. Thank you very much.

Thank you, Mr. Chairman.

DESALINATION AND WATER TREATMENT TECHNOLOGIES

Senator DOMENICI. Thank you, Senator.

Well, I am going to close on a little bit of a downer note for you, on the desalinization and advanced water treatment technologies. I think you know that because of my position as subcommittee chairman of the Energy and Water Appropriations Subcommittee I have tried very hard to pursue with vigor desalinization and also arsenic cleanup. But the Bureau manages a diverse water treatment research program funded through five budget items, including Reclamation research and development budget, Water 2025, the Yuma Desalting Plant, and by the end of 2006 the Tularosa Basin facility will be complete.

These programs have the potential to expand the Nation's water supplies and contribute to solving numerous current Reclamation challenges, including providing water for rural communities, reducing the concentration of salt and selenium in irrigation return flows, and improving endangered species habitat, and providing increased supplies for all water users, as we see it in terms of the potential application of the technologies that are being developed.

This huge benefit is dramatically undermined by what I see as a lack of coherent strategy, with clear goals for Interior-sponsored activities, integration of the multiple programs with Reclamation, and cooperation with other agencies, including the USGS, Department of Energy, and the Office of Naval Research—kind of a freak to the mix, but it turns out it has a lot of assets and it has a genuine and sustained interest in the basin that we are working on by coincidence. We have pushed them there and they are working at it with a lot of money.

Over 8 months ago, I asked the Bureau to develop and present a coherent strategy for water treatment research and development. I have not yet received that strategy. Does a strategy for the desalinization and related research exist and what is it?

Mr. LIMBAUGH. Mr. Chairman, I will take a whack at that. Currently, we are working on several fronts to provide you a coherent strategy. First of all, we are working with OMB to refine the strategy that we have proposed, that would help coordinate those efforts and set priorities. We do have the multifaceted approach and basically the highlight would be the research and development grants through the 2025 program looking at the next generation of technologies.

But also, the Tularosa facility, which will be complete in 2007, the first part of 2007, in the fiscal year 2006 budget year, is——
Senator DOMENICI. When will it be complete?

Mr. LIMBAUGH. January 2007.

Senator DOMENICI. January 2007?

Mr. LIMBAUGH. Yes, with the funds that we have in the 2006 budget.

Senator DOMENICI. Turnkey, ready to go, open?

Mr. LIMBAUGH. Yes, sir.

We also have in the 2007 request the operations and maintenance for that facility. So we are looking at finding a partner for that facility and working on a business plan that will be a sustainable use of that facility within the research and development component.

We also have worked with the National Academy of Sciences and have initiated a study, a follow-on to the road map that will look at Reclamation's programs and also others to find the coordinated strategy that will be blessed by the National Academy, that will hopefully be the long-term look at how desalination can work, what the role of the Federal Government will be in most efficiently managing and looking towards the future with that technology.

We do believe that the new technology, the new generation of desalination, is important to the West and it is very important to many regions of the West, and specifically in using not only ocean desalination but brackish ground water, on a more cost effective basis than what it is now.

John, do you have anything?

TULAROSA AND HURRICANE RELIEF EFFORTS

Mr. KEYS. Mr. Domenici, let me give you a real success story on Tularosa. Last August 29, when Katrina was bearing down on Louisiana——

Senator DOMENICI. I understand.

Mr. KEYS. We got the call from the Corps of Engineers saying: "How can you help us?" The hurricane hit on Monday. Monday afternoon, we got the request from the Corps to help out with water supply in the area. Wednesday afternoon, we had a lowboy from Las Cruces arrive at Tularosa. They put two of the desal units that we were testing at the facility on the truck. Friday afternoon, they hit the ground in Biloxi. Saturday morning they were producing 200,000 gallons a day of water. That is enough to serve about 50,000 people.

They also did that at the regional medical center there. When Rita came through, they took it down to the air base. After Rita passed through, they came back, set it up again, and it operated for about 2 months, 24/7, and produced water for about 50,000 people. When it was done, they put it on the truck and took it back to Tularosa.

Right after that happened, we had requests from the National Rural Water Association on how they may purchase four of those units, station them around the United States, so that the next time we have an emergency like that they are ready to go. This is a real success story from some of the work at Tularosa.

Senator DOMENICI. That is a very good example of carrying out this project. But that is not the whole story. The question is do we have in place what experts would tell us is a center that can pursue vigorously all phases or multiple phases and aspects of the problems still remaining with desalinization? Maybe we are not on the right track. Maybe it is too little of a facility. Maybe it is—who is going to tell us?

Is the Academy going to tell us, in your opinion? Are the national laboratories going to tell us? I do not believe you have the expertise to tell us that. You are managers, in a sense; is that correct?

Mr. LIMBAUGH. Mr. Chairman, that is correct, and that is why we have tried to go with the Academy study and we are trying to include the partners that we have worked with in looking for a managing entity for the Tularosa facility in New Mexico. We think that the strategy of having the National Academy of Sciences review the Federal and private sector roles for the future, would give us the needed impetus to implement the road map and look to the future in a much more sound, sustainable manner.

Senator DOMENICI. I might say to my friend, the word “Tularosa” keeps coming up and one might wonder what is that all about. Well, actually there is a rather large underground sea of salty water and that basin is called the Tularosa Basin.

Senator ALLARD. I see, because I was thinking—

Senator DOMENICI. There is a little town called Tularosa, but it is just a small little village.

Senator ALLARD. Mr. Chairman, I was also thinking that if this is surface water desalinization, I think certainly—and this will not fit in, I guess, now that I know where you are going. But one concern is that we have dynamics happening on the surface that adds to salinated water supply. We have plants, for example the tamarisk, which is salt cedar, which adds—not only do they drink a lot of water, but they cause the river to become more saline, and as a result of that I think it contributes a lot to salination. This probably would not be covered by that study, but certainly I think—I was going to bring that up after your discussion in regard to this question. But now that I more thoroughly understand where you are driving, Mr. Chairman, we will bring that up at another time.

Senator DOMENICI. So now we are going to have to get from you this solid and final recommendation as to what that facility—how much did we invest in the facility that we keep alluding to?

Mr. KEYS. Mr. Chairman, about \$16 million.

Senator DOMENICI. One-six?

Mr. KEYS. Yes.

Senator DOMENICI. It is supposed to be a place where you can come and do your research, is that not correct?

Mr. KEYS. Yes, it is.

Senator DOMENICI. As I recall, a permanent facility. You make arrangements, bring your best technology, and test it out there?

Mr. KEYS. Exactly.

Senator DOMENICI. So the whole question is how important is that to the pursuing of a program.

Mr. KEYS. We think that it is very important. We are working with other agencies that want to test there. This summer, there will be a request for proposals for a contract to manage a plant, do a business plan, and attract folks.

Senator DOMENICI. I think one of the most important long-term things you are doing is to determine whether you are going to be an active, vibrant player in desalinization. We will be having hearings concerning reorganizing the Bureau. Does desalinization fit with Reclamation's mission? Or is that something that should be elsewhere?

I do not know. We did what we could do. It is obvious we have truncated it on there because of our interest, and a very good interest, I think, without any question.

I also want to close by just complimenting you and many on what has happened with the minnow in the Rio Grande. We start a year with a much different situation than we have ever had before, in that the play now between the stakeholders is no longer what it was before. The effort now is to create a completely different kind of habitat for bringing the fish through the water, in a sense, rather than letting the water flow, flow, flow, flow, and get lost as it is taken downstream to the fish.

You would have been amazed, Commissioner. The latest effort was the Interstate Streams Commission, a very powerful entity, made a commitment to this. They came up with a very large piece of equipment that they put in this very dry river, and what they did is they, with full environmental approval in advance, they moved it slowly upstream and provided pits, if you could imagine, deep pits, so that as they moved up 4 or 5 miles they made water holes, so as to speak, for the minnow. An experiment, a test run.

They then put minnows that we have raised, which nobody has complained about, planted them. That has been their contribution to what others have done by creating inlets, where you just actually create an inlet on the side of the place, of the river, and you plant these fish there and they live in these inlets. They cannot get out too easily and so they stay and propagate and have water where there is water, instead of going 70 miles down to Socorro, where you have been to see that little dry hole.

So all that together, you know, shows how difficult and how much hard work people will do. We have really tried. We hope this drought does not make all that for naught. We have alluded to it. It could.

ADDITIONAL COMMITTEE QUESTIONS

All right. I have remaining questions on CALFED, Title XVI, and Animas-La Plata. They will be submitted. Answer them in due course and we will see.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO MARK LIMBAUGH

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

DROUGHT

Question. Secretary Limbaugh, Commissioner Keys, I am extremely concerned about drought in the west and particularly in New Mexico and the southwest.

The information that I have seen shows that the current snowpack is less than anything ever seen by the current measurement system that was installed in 1980 in the Jemez and Sangre De Cristo Mountains.

It is possible that there will be no runoff from the Sangre De Cristo which feeds the Santa Fe, Pecos, and Canadian Rivers. The most recent information that I have seen shows the Pecos runoff estimated at 4 percent, Rio Grande 26 percent, and the Zuni will get 1 percent of normal runoff in Bluewater Lake.

These are grim statistics. Unless we get unusual rainfall, the situation will be more critical next year. What is your assessment of the drought situation in the West?

Answer. We share your concerns. The hydrologic conditions of the major basins of the Western United States can be characterized by contrast. The northern basins—such as those in the Pacific Northwest, northern Rockies, northern Great Plains, northern California, northern Nevada and northern Colorado are projecting snowpack and spring runoff levels at well above normal. Furthermore, due to significant storms over the past several weeks, Nebraska and Kansas have seen significant improvements in their hydrologic conditions.

In contrast, despite significant rain and snow over the past week in New Mexico, southern Colorado, Oklahoma and Texas, the Southwest, Southern Plains and Southern Rockies have had below-normal levels of precipitation this winter and all these areas potentially face serious drought conditions this spring and summer.

Question. Where do you anticipate the greatest drought impacts for this year?

Answer. We expect the most significant impacts in New Mexico, Texas, Oklahoma, and Arizona.

Question. What assistance can the Bureau offer to mitigate drought impacts?

Answer. If reauthorized, Title I of Public Law 102-250, the Reclamation States Emergency Drought Relief Act of 1991, as amended, could provide authority for construction, management, and conservation measures to alleviate the adverse impacts of drought, including the mitigation of fish and wildlife impacts. Additionally, Title I could provide for emergency response and allow Reclamation the flexibility to operate its project facilities in a manner that would allow the most efficient use of limited water supplies.

Question. What would drought contingency planning entail?

Answer. Drought contingency planning is a plan for the future that details what activities an entity would engage in for the prevention or mitigation of drought impacts. The plan would identify opportunities to conserve, augment and make more efficient use of water supplies.

Question. What triggers Reclamation to pay for water hauling versus drilling emergency wells?

Answer. Section 101 of Title I of Public Law 102-250, the Reclamation States Emergency Drought Relief Act of 1991, as amended, provides that the only permanent facilities for drought mitigation are the drilling of wells. All other actions must be temporary in nature. Water hauling would be considered a temporary action allowable under Title I. One action is not preferred over the other. Decisions on which cause of action to take are based on local water conditions, costs, and timeliness among other factors. Should Title I of Public Law 102-250, the Reclamation States Emergency Drought Relief Act of 1991, as amended, be reauthorized, both activities could be carried out.

Question. Last week, I was made aware of the serious water situation in Ruidoso and Ruidoso Downs, NM. The Ruidoso City Council has recently voted to initiate

Phase IV water restrictions (the most severe). Ruidoso Downs has been under water rationing since 2002. Is Reclamation aware of the water situation and is there any immediate help that Reclamation can offer these two communities?

Answer. Our understanding from discussion with the State of New Mexico is that the Village of Ruidoso could benefit from either repair of certain existing non-operational wells or drilling of additional wells. Should Title I of Public Law 102-250, the Reclamation States Emergency Drought Relief Act of 1991, as amended, be re-authorized, Reclamation would be capable of working with the Village of Ruidoso and the State of New Mexico to assist in either effort.

Question. Does your budget request contain any funding for drought assistance in fiscal year 2007?

Answer. The fiscal year 2007 budget request includes \$475,000 for drought activities.

Question. It is my understanding that some of the provisions of the Reclamation States Emergency Relief Act have expired. Assuming that we address the legislative issues, how much funding would you anticipate that Reclamation could utilize based on known and anticipated drought conditions for the remainder of fiscal year 2006 and what would be the needs for fiscal year 2007?

Answer. We could effectively use approximately \$7.5 million in fiscal year 2006. The funds requested for fiscal year 2007 in the amount of \$475,000 would be sufficient, under present drought circumstances.

Question. How will the drought affect in-stream flow requirements for endangered species?

Answer. The drought will not modify the in-stream flow requirements, in that there is no exception for extreme drought conditions in meeting endangered species requirements. We will need to meet the flow requirements specified for a dry year. Because of drought conditions, more water will need to be released from storage to meet those requirements.

Question. What will Reclamation's role be in these issues?

Answer. Only Title I of Public Law 102-250, the Reclamation States Emergency Drought Relief Act of 1991, as amended, which expired on September 30, 2005, contains provisions to acquire water on a nonreimbursable basis as well as the drilling of new wells or rehabilitating existing wells. Reclamation must undertake the activities or contract for services.

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

WATER 2025

Question. The President's budget proposes \$14.5 million for the Water 2025 initiative, an increase of \$9.6 million over fiscal year 2006 enacted. The administration developed Water 2025 to meet the challenge of preventing crises and conflicts over water in the West by increasing the certainty and flexibility of water supplies, diversifying water supplies and preventing crisis among users. The funding supports a competitive 50-50 challenge grants and the water system optimization reviews.

While I support the general concept of the initiative—preventing crises and conflicts over water—I feel the best way to prevent future problems is to adequately fund projects, like Garrison Diversion, that are aimed at addressing emerging water needs of our country.

In some ways, I think that the Water 2025 initiative is simply a way for the administration to fund its pet projects versus providing adequate funding for projects that have been vetted and approved by Congress and passed into law. In an August 2005 press release, the Department of Interior announced \$1 million in Water 2025 grants for projects in Idaho, Kansas, Texas, Arizona, Montana and New Mexico. I could recommend several North Dakota projects that could have used that funding.

Did any of the \$9.6 million increase for the Water 2025 initiative come from funds that were previously used to fund projects in North Dakota?

Answer. No, funding for water projects in North Dakota has not been decreased as a result of funding requests for the Water 2025 Program.

The development of rural water projects and the Water 2025 Program are both important. While completion of the Garrison Diversion will serve an important local need, the Water 2025 Program allows Reclamation to focus resources on geographical problem areas throughout the 17 Western States. With a tightening Federal budget, Water 2025 has proven that leveraging Federal dollars with our partners can provide on-the-ground improvements in water management infrastructure that can help prevent water crises where it is most likely to occur.

To date, Reclamation has awarded funding for 68 Challenge Grants in 16 States, including 62 projects by irrigation and water districts and 6 more by Western States. Collectively, the 68 projects represent almost \$60 million in improvements, including a non-Federal contribution of \$44 million and the Federal Government contribution of \$15 million. In other words, for every dollar the Federal Government has invested, there has been about a \$2.90 non-Federal investment.

Estimates in the project proposals indicate that the 68 projects could save up to 285,000 acre feet of water per year, collectively, once fully implemented. An acre foot of water is enough to supply a family of four for up to a year.

It is important to clarify that Water 2025 does not provide an opportunity for the administration to fund projects that it favors over projects that have been approved by the Congress. On the contrary, all Water 2025 Challenge Grant funding is allocated through a highly competitive and impartial process. Proposals are ranked by a panel of technical experts based on an established set of criteria that prioritizes projects resulting in real on-the-ground benefits, in terms of water conserved, better managed, or marketed, within 24 months from the date of award. Under this approach, only the very best projects are selected for funding, based on their technical merits.

The \$1 million awarded to six States in August 2005 was part of the Water 2025 Challenge Grant Program for Western States. Any State agency with water management authority, located in the 17 Western States—including North Dakota—is eligible to compete for the \$1 million. None of the \$1 million was awarded to North Dakota because nobody from North Dakota submitted any proposals for consideration in the Challenge Grant Program. We look forward to working with the delegation to increase awareness of this program among North Dakota water interests, so that they can avail themselves of this competitive program.

Question. Isn't the first approach to resolving future conflicts and water problems to provide the funding in the first place for projects, like Garrison Diversion, that are aimed at doing exactly that?

Answer. Rural water projects such as those associated with the Garrison project account for much of the new project construction within Reclamation. The development of rural water supplies and the implementation of the Water 2025 Program are both tools that are necessary to prevent crises and conflict over water in the West—and both are Departmental priorities. The Department has worked closely with the Senate Energy and Natural Resources Committee, on a bi-partisan basis, to develop legislation to establish a formal rural water supply program in the Bureau of Reclamation (S. 895). This will enable Reclamation, in cooperation with States and rural communities, to better plan for and prioritize rural water supply projects. In recent years, we have worked closely with the State of North Dakota to implement the Dakota Water Resources Act. Despite the tight budget climate that we face, Reclamation has dedicated a significant amount of funding to this and other rural water supply projects indicating that completion of projects to meet the water supply needs of rural communities continues to be a priority.

Reclamation is responsible for delivering water and power throughout the 17 Western States, with a limited amount of Federal funding. Therefore, geographically broad-based efforts that leverage limited Federal dollars—such as the Water 2025 Program—are also essential to preventing conflicts and crises over water throughout the West.

Through the Water 2025 Challenge Grant Program, Federal funding is leveraged through cost-shared grants that are awarded on a competitive basis to eligible applicants in any of the 17 Western States—including North Dakota. Those eligible include irrigation and water districts, Western States, tribal water authorities, and other local entities with water delivery authority. The grants support projects that improve water conservation and efficiency through the modernization of existing water delivery facilities, and projects that involve water marketing. These types of projects are essential to meet competing demands for water, even in areas where new storage projects have been approved.

QUESTIONS SUBMITTED TO JOHN W. KEYS III

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

Question. Are there other appropriate means for Reclamation to address drought conditions?

Answer. Public Law 102-250, the Reclamation States Emergency Drought Relief Act of 1991, as amended, is not the only program Reclamation uses in addressing drought issues. Title I of the Act, used for responding to emergency needs, expired

on September 30, 2005. The Water Conservation Field Service Program and the Water 2025 Initiative are examples of programs that are designed to prevent crisis and conflict over water in the West through advanced preparation and water management improvements. The Drought Act is a complimentary program to Water 2025. Proactive tools like this are critical because water shortages based on an imbalance between supply and demand, even in non-drought years, should catch nobody by surprise—they are inevitable. Even though we don't know when and where water supply disruptions will hit, we know they will happen. Short-term response actions are highly visible and important, but allocating our resources to longer-term, proactive, preventive efforts, such as through creating local drought management plans or the type of targeted actions envisioned by the Water 2025 program, will ultimately have more of an impact to alleviating the effects of droughts than short-term, last-minute fixes.

DESALINATION AND ADVANCED WATER TREATMENT TECHNOLOGIES

Question. The U.S. Bureau of Reclamation manages a diverse water treatment research program funded through 5 budget items including Reclamation's Research and Development Budget, Water 2025 and the Yuma Desalting Plant.

By the end of fiscal year 2006, the Tularosa Desalination Facility will be complete. These programs have the potential to expand the Nation's water supplies and contribute to solving numerous current Reclamation challenges including providing water for rural communities, reducing concentration of salt and selenium in irrigation return flows, improving endangered species habitat and providing increased supplies for all water uses in the United States.

This huge potential benefit is dramatically undermined by the seeming lack of a coherent strategy with clear goals for the Interior sponsored activities, integration of the multiple programs within Reclamation and cooperation with other agencies including the United States Geological Survey, the Department of Energy, the Office of Naval Research, etc.

Answer. We are developing a strategy which we feel addresses the concerns you have raised. It is undergoing the administration's review and upon completion, we will share the strategy with the Congress.

Question. Does a strategy for desalination and related research exist?

Answer. Yes, Reclamation has a draft strategy for advanced water treatment technologies.

Question. What is the strategy?

Answer. We are working within the administration to finalize development of our proposed strategy and would be glad to fully brief your office on it when it is complete.

Question. Can/will Reclamation participate in multi-agency activities to coordinate research funded through Federal, State and private investment?

Answer. Yes, we are currently coordinating our research efforts with the Inter-agency Consortium, Water Reuse Association and Desalination Task Force, among others. We have asked the National Academies to become engaged with us and provide further definition on roles of the Federal, State, and private sector research investments. Furthermore, Reclamation's Science and Technology program, which coordinates all of Reclamation's research and development activities, has a strong track record of coordinating with other research bodies to ensure prioritization of research, and to avoid redundancy.

Our participation with the Office of Naval Research in the development of the Emergency Unit for Water Purification (EUWP) and testing at the Tularosa facility allowed us to successfully deploy the EUWP after hurricane Katrina to the Biloxi Regional Medical Center. We provided highly purified water to the hospital and later treated water from the city's municipal system until the city's system was certified safe by the State.

Question. Can you assure me that the Tularosa facility will be completed this fiscal year within the budget provided by Congress for fiscal year 2006?

Answer. Yes, the Tularosa facility is scheduled to be completed in January of 2007 utilizing the fiscal year 2006 appropriations in accordance with the administration's fiscal year 2007 budget request.

Question. It has always been my intention that the Tularosa Desalination Test Facility be operated by a university in the southern New Mexico region and be positioned as the Nation's premier location for inland desalination and concentrate disposal research and development. The Bureau of Reclamation promised me a detailed strategy document by February of this year in which this role would be well articulated. I have yet to receive that document and feel that the Bureau is remiss in ful-

filling their promise. Does this strategy document now exist and does it anticipate this appropriate role for Tularosa by the end of calendar year 2006?

Answer. The mission of the Tularosa Desalination Test Facility is to be the intellectual powerhouse that attracts outstanding researchers to work on developing cost effective, efficient desalination technologies that can be applied to brackish and impaired ground waters—resulting in new supplies of usable water for municipal, agricultural, industrial, and environmental purposes.

We have developed a Business Plan for the Tularosa facility and are working to finalize it. We plan to meet with your office when it is complete.

Question. Additionally, the administration's budget appears to be inadequate to provide funding to operate and underwrite research at the facility in fiscal year 2007. How do you intend to undertake the research program outlined to my office with the current inadequate resources?

Answer. We believe that adequate budget for start-up, operation, maintenance, and research has been requested in the fiscal year 2007 President's budget within the Water 2025 program. The request will cover operation, maintenance, and will provide funding for research at the facility and elsewhere.

Question. It appears that USBR does not intend to undertake its role as the Nation's central research organization in desalination and reuse research given the current budget proposal. Has the Department of Interior decided to abandon this core competency?

Answer. The Department is committed to maintaining Reclamation's advanced water treatment research efforts with emphasis in resolving inland advanced water treatment issues and cost reduction through applied research, while ensuring that our research efforts are undertaken strategically, in the context of overall research and development needs in the water area.

Our fiscal year 2007 budget requests of \$5,235,000 for advanced water treatment research, is to continue the pursuance of expanding useable water supplies. The request is divided among the internal and external Research and Development programs as follows: Desalination and Water Purification Research program (external), \$25,000; Title XVI (external), \$750,000; Water 2025 (external), \$2,700,000; Colorado River Basin Salinity Control program, Title I (internal), \$760,000; and the Science and Technology program (internal), \$1,000,000.

Question. When will Reclamation be prepared to issue the call for proposals for the management contract for the Tularosa Desalination Facility?

Answer. We expect to be in a position to issue the Request for Proposals for the management contract of the facility by late summer 2006. Reclamation will have a managing entity on board in ample time for the opening of the facility.

TITLE XVI WATER RECLAMATION AND REUSE

Question. The budget request seeks \$10.1 million for Title XVI projects. In light of the current backlog of needs, how was this request determined to be adequate and appropriate?

Answer. The President's request of \$10.1 million for fiscal year 2007 is about \$100,000 less than the amount requested for fiscal year 2006 for Title XVI. As in fiscal year 2006, the fiscal year 2007 budget request includes those eight construction projects that were included in the President's request in prior years. We continue to be aware that the desire for Title XVI funding is significant. However, Reclamation has many demands placed upon it, and we must balance all of our priorities within the funding limits we are working with.

Question. The Bureau was directed to review and report on those recycling projects deemed to be feasible under CALFED. To date, there has been no report provided to Congress. What is the status of this review and why has it not been forwarded to Congress?

Answer. Reclamation has completed its review of all reports and other documentation submitted by project proponents in response to our request for information for the report directed by Public Law 108-361; we transmitted the report to Congress on April 28, 2006. Of the submittals for projects that have not been authorized, 14 (7 each associated with SCCWRRS and BARWRP) were nearly complete, but lacked elements such as NEPA compliance. While these projects have the potential to meet requirements included in Reclamation's 1998 Title XVI Guidelines, we do not know how they would rank in priority if the Title XVI program were reformed as proposed in our February 28, 2006, testimony to the Senate Subcommittee on Water and Power. The remainder lacked many required elements. All project proponents have been notified of Reclamation's findings.

Question. What was the Bureau's request for Title XVI program funding that was transmitted to OMB as part of the budget formulation process?

Answer. The administration's budget request for Title XVI funding in fiscal year 2007 was \$10.2 million.

Question. How were projects selected for funding?

Answer. For continuity purposes, Reclamation elected to request funds for the same projects that were included in the President's budget request in fiscal year 2006.

Question. Were the funding levels for each project determined to be adequate?

Answer. The funding level for each project was determined based on the amounts requested in prior years and the construction schedule of the project sponsors. We feel these levels are adequate given the many competing demands which are worthy of funding by Reclamation.

Question. The Title XVI program was established as a way to increase water supplies in the West by recovery of water that otherwise would have been wasted. Reclamation has never been a big proponent of this program. Yet it seems to be a natural fit with Reclamation's role of providing water and power to the West. How does Reclamation believe this program could be modified so that OMB and Reclamation would be willing to significantly increase budget resources for this program?

Answer. Reclamation discussed potential modifications to the Title XVI program before the Senate Subcommittee on Water and Power on February 28, 2006. Reclamation provided a drafting service to Congress that would accomplish many of these issues, and the administration is developing its own legislation for Title XVI reform that will be transmitted to Congress soon. Reclamation believes these proposed changes will make the program more competitive, better define project eligibility, and more effectively help reduce future conflicts and crises over water supplies in the West. Ultimately, our intent is to administer this program in conjunction with the Water 2025 program, to target resources to the areas of most critical need to proactively avert water conflicts by diversifying water supplies.

ANIMAS-LA PLATA

Question. Costs on the Animas-La Plata project increased rather dramatically after it was authorized. Will we be able to construct this project within the cost ceiling that we provided?

Answer. Current legislation authorizes the appropriation of such funds as are necessary to complete construction of the project facilities through 2012. Even though there is no legislated cost ceiling, we do have a construction cost estimate. The current base construction cost estimate of \$500 million, indexed to October 2006 price levels, is \$552 million. With the understanding that features not yet awarded will continue to be indexed, Reclamation believes the indexed base estimate is adequate to complete the Project, provided it is funded at sufficient levels to match construction capability and no unforeseen conditions are encountered.

Question. In the fiscal year 2006 Energy and Water Act we extended the time-frame for completion of this project to 2012. Does the funding request for this project allow you to meet this schedule?

Answer. Yes. The fiscal year 2007 budget request is \$57.4 million. This request will continue construction of two of the Project's major features, Ridges Basin Dam and the Durango Pumping Plant and begin construction of a third major feature, Ridges Basin Inlet Conduit. The Project schedule was recently revised to reflect the funding level for fiscal year 2006 and the President's request for fiscal year 2007. Assuming funding levels in the out years at the fiscal year 2007 request level, construction of the Project could be completed by 2012, with Project closeout in fiscal year 2013.

QUESTIONS SUBMITTED BY SENATOR WAYNE ALLARD

REPAYMENT CONTRACTS

Question. Historically, the Reclamation Program does not flow from a single organic Federal statute. There have been various acts since the 1902 Reclamation Act which have shaped the program. Since 1939, every project has been individually authorized with its own terms and conditions. Given geographical and geological uniqueness, and varied construction dates, we find it difficult to believe all, or any, Bureau of Reclamation projects are identical. Therefore we ask: Are all repayment contracts identical?

Answer. No. All repayment contracts are not identical. Contracts are a mix of standardized and nonstandardized articles.

Reclamation has contracting authority under general Reclamation law, project-specific authorizations, and even contract- or contractor-specific authorizations.

Variations among these authorities lead to variations among repayment contracts. For example, the Reclamation Project Act of 1939 allows a maximum repayment period of 40 years (Public Law 76-260) (general Reclamation law); the Colorado River Storage Project Act allows a 50-year repayment period (Public Law 84-485); the Central Valley Project Improvement Act specifies a 25-year repayment period for irrigation repayment contracts (Public Law 102-575, Title XXXIV, section 3404(c)) without affecting repayment periods for municipal and industrial contracts (project-specific authorization); and the Congress specified a 60-year repayment period for the Yuma Mesa Irrigation and Drainage District (Public Law 84-394) (contractor-specific authorization).

Numerous other provisions can vary among repayment contracts, including the permissible uses of project water, water delivery schedules, where water can be used, and who is responsible for operating and maintaining facilities. Even among contracts made pursuant to the same authority, circumstances may lead to some variation, within whatever range the applicable law allows.

In the early 1960's, Reclamation recognized that there are some provisions standard to all contracts. These "standard contract articles" generally result from requirements of executive orders, rulemaking processes, or other laws mandating they appear in contracts.

Question. Are all projects under the same authorization?

Answer. All projects are not under the same authorization. While many prior to 1939 were under the general authorization provided in the Reclamation Act of June 17, 1902, Congress did, in some instances (for example the Boulder Canyon Project Act of 1928 (Public Law 70-642) and the Central Valley Project, California, and Colorado River Project, Texas (1937) (Public Law 75-392)) provide specific project authorization. Since 1939, Congress has provided more individual project authorizations to construct projects. However, pursuant to the Flood Control Act of 1944 (Public Law 78-534), Congress directed that project authorizations be approved by an act of Congress.

Question. Is it the opinion of the Bureau of Reclamation that all repayment contracts include "replacement" even when it is not stated in the contracts?

Answer. Reclamation contractors are required to pay for their appropriate share of operation and maintenance costs (O&M) (Public Law 63-170, Public Law 69-284, Public Law 76-280, Public Law 97-293). O&M costs are generally the costs necessary to operate a constructed project and make repairs and replacements necessary to maintain the project in sound operating condition during the life of the project. One of the standard articles for all contracts is the "emergency reserve fund" article. This article resulted from the demonstration that nearly every district, on occasion, requires funds to meet major unforeseen costs of operation and maintenance and repairs and replacement of the project works. While the article may be standard, the requirements for the fund amount are not. Guidance for the establishment of the amount of the reserve fund is found in Reclamation policy, which recognizes that not all projects are the same and, therefore, the amount of the reserve fund is established accordingly.

SAFETY OF DAMS

Question. The Safety of Dams program provides guidelines and financing for dam inspections. Therefore, are pertinent structures other than the dam itself given the same importance as the dam? If not, why not?

Answer. The Safety of Dams Program identifies (inspects) and evaluates issues and implements modifications to dams, if warranted, to reduce risks to the public. Dam inspections are part of a comprehensive risk management approach to limiting life safety risks downstream of dams owned by Reclamation.

Many other structures that are part of the Reclamation water resource infrastructure do not pose the same life safety risks, even though they may be critical features for assuring the delivery of project benefits. These structures are evaluated as part of Reclamation's Review of Operation and Maintenance (RO&M) Program. The RO&M program provides an excellent program for assuring the continued operation of Reclamation facilities. The Safety of Dam program addressing the potential life safety consequences associated with the failure of high- and significant-hazard dams requires a higher standard of risk management to assure the safety of persons living downstream of those facilities.

JACKSON GULCH RESERVOIR

Question. Jackson Gulch Reservoir, an off-river reservoir, depends on a canal system as relevant to the reservoir as the dam. Without the canal, the dam would be useless and unnecessary. The Animas-La Plata project will also be dependent on a

water carriage delivery system. What do we need to do to make Bureau of Reclamation realize the importance; and/or how can we begin a "Safety of Connecting Structures" program in order to preserve these systems?

Answer. Reclamation understands the importance of the canal systems and other features that are associated with its dams. These facilities are inspected by Reclamation professionals on a regular frequency under the Review of Operation and Maintenance Program which was established in Reclamation in 1948. Observed structural or operational deficiencies are noted and recommendations are categorized based on significance and tracked until accomplished. Reclamation retains ownership of these facilities, yet the operation, maintenance and replacement of many facilities have been transferred to water user entities.

In the case of Jackson Gulch Reservoir, a feature of the Mancos Project, the Mancos Water Conservancy District is responsible for operation and maintenance, including repair, of all project facilities, as specified in their contract. Repair or replacement of the canal system is the responsibility of the District. The long-term viability of all Reclamation facilities, especially for transferred works, is critically dependant on the local project sponsors meeting their obligations to perform required Operations and Maintenance activities.

OPERATIONS AND MAINTENANCE

Question. What is the Bureau of Reclamation's official definition of (a) "operations and maintenance" and (b) "operations, maintenance and replacement"?

Answer. Within the context of managing Reclamation's water and power infrastructure, the operation and maintenance of project works involves a wide range of activities. These operations and maintenance activities encompass those actions necessary to achieve continued integrity and operational reliability in delivering authorized project benefits.

Additionally, as stated in Reclamation's "Report to the Congress, Annual Costs of Bureau of Reclamation Project Operation and Maintenance for Fiscal Years 1993-97", dated September, 1998, "the most visible maintenance tasks are the major repairs and rehabilitations, equipment and facility replacements, and facilities additions that are accomplished at every project over time." As such, the "maintenance" term includes "replacements" and, therefore, the definitions for both (a) and (b) as stated in your question are considered to be synonymous. Similarly, for contract administration purposes within Reclamation, replacements have always been included as part of maintenance responsibilities and costs.

BUREAU OF RECLAMATION'S MISSION

Question. What does the Bureau of Reclamation believe is their (a) current mission or purpose, and (b) their future mission or purpose?

Answer. The current and future mission of the Bureau of Reclamation is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public. The role of Reclamation is vitally important at this critical time, and in the future in the West. As the West experiences rapid double digit growth in many areas, the role of Reclamation in managing the critical infrastructure in a manner that balances the needs of agriculture, municipal and industrial, power users, recreation, fish and wildlife and endangered species is essential. In the Lower Colorado River Basin for example, the Secretary of the Interior is the water master. In that capacity, the Secretary is required to balance the needs of the Seven Basin States while maintaining the river. This includes river operations, facility O&M, water service contracting and repayment, decree accounting, and oversight of hydropower activities. Additionally, in Idaho, in the Columbia Basin, we are trying to meet the objectives of our projects and at the same time recognize the water rights and to enforce or actually coordinate and work with the compacts that have been done in the basin.

REHABILITATION

Question. Bill language gives evidence to the fact that as recently as the 1990's, Reclamation did support rehabilitation. (a) When did that change and why? (b) Does the Bureau of Reclamation see rehabilitation as currently outside of or futuristically not a part of their mission?

Answer. We believe you may be referring to funding of the Rehabilitation and Betterment Program, which was authorized in a 1949 Act, and amended/supplemented in 1950, 1971, and 1975. Under the program, Reclamation water users were able to obtain no-interest loans to rehabilitate and improve the Reclamation-owned irrigation facilities they operated and maintained. Although still authorized, loan funding of that program was discontinued in the mid-1990's (driven by limited appro-

priations at that time) and water users were expected to use their own resources or to seek private financing. Private lenders are often unwilling to lend to the water users, however, because project facilities can not be used as collateral; the United States holds title to the facilities.

As Reclamation's infrastructure continues to age, there will likely be a need for increased maintenance and major rehabilitations. Reclamation recognizes the importance of a preventive maintenance philosophy and the need for ongoing condition assessments of our facilities to identify and remediate deficiencies at an early stage. Through these efforts and applying effective technology and research in these maintenance activities, the service lives of these facilities can be lengthened and the need for major rehabilitation efforts delayed and/or reduced. Reclamation will continue to work cooperatively with water users in addressing these rehabilitation issues. Ultimately, local water users are responsible for the operation and maintenance of certain facilities (i.e., facilities transferred for operation and maintenance responsibility).

Question. Are the benefits derived from large projects perceived as more important than those of small projects and therefore worth funding?

Answer. No. Each project, large or small, has its own merits and issues.

Question. There is potential that projects will be forced to return O&M to Reclamation when they cannot fund replacement due to failure. What does Reclamation intend to do when projects begin to fail? And when this potential situation becomes reality?

Answer. Return of O&M to Reclamation is a possibility. At this point in time, we cannot predict what will occur other than Reclamation would examine the causes of failure, the potential consequences to the project sponsors and other factors such as the environment, and the economic merits of reinvesting in the project. We believe that the loan guarantee program as discussed above will reduce the likelihood of O&M being returned to Reclamation.

REPAYMENT CONTRACTS

Question. Our repayment contract states that we, the project operating entity, are entrusted to and expected to protect the Federal interest, i.e. the Mancos Project. Why are we trying to convince the Bureau of Reclamation to support our efforts?

Answer. Reclamation supports the efforts of managing entities to protect the Federal investment. In the case of the Mancos Project, the existing O&M contract specifies that the Mancos District is responsible for the operations and maintenance, including repair, of all project facilities.

Question. Why does Reclamation fear we are trying to "take away" from their budget? We should both be working toward the same goal.

Answer. Reclamation consistently supports and is committed to its projects as authorized by public law in accordance with legal contracts. For example, on the Mancos Project in Colorado, the contract between Reclamation and the Mancos Water Conservancy District states that the District will be responsible for operation, maintenance and rehabilitation of the project facilities rather than Reclamation.

Question. Very recently it was announced that Reclamation had saved several million dollars on a project and were able to lower their budget. Was it possible for them to re-route the savings and begin to address the rehabilitation problems surfacing? If so, why didn't they?

Answer. Unless the specific project in the question is named it would difficult to comment on how any project savings may have been used elsewhere or when the savings would have been realized. Reclamation is constrained in how it spends appropriated funds by public law and legal agreements. Transferring or reprogramming funds between projects is also subject to Congressional guidelines.

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

OVERALL BOR FUNDING

Question. The administration has written that "water is the lifeblood of the American West and the foundation of its economy." Yet when the President released his budget earlier this year, he proposed a nearly \$140 million budget cut for the arm of the government responsible for the supply and management of much of that water in the West, the Bureau of Reclamation. How will the Bureau of Reclamation address the growing water needs of the Western part of this country with even less resources than the previous year?

Answer. We believe the funding level is sufficient to address Reclamation's responsibilities related to the growing and changing water needs of the West. Through

collaboration and partnerships, we believe we can stretch limited Federal dollars further. For example, part of the funding in fiscal year 2007, is for the Water 2025 program that continues to focus on preventing crises and conflicts in the West, particularly in the problem areas identified on the Potential Water Supply Crises by 2025 illustration, May 5, 2003. The \$14.5 million request will fund three program components: Challenge grants, water system optimization reviews, and research to improve water purification technology.

The \$14.5 million includes a request of \$9.7 million to continue the success of the Water 2025 Challenge Grant Program. The requested amount will help bring the funding more in line with the demand and with the critical need for projects that will stretch water resources.

In just 2 years since the inception of the Challenge Grant Program, Reclamation has funded 68 Challenge Grants to irrigation and water districts and western States, to address western water conflicts before a crisis occurs. Grants have been awarded in 16 out of 17 western States, potentially saving up to 285,000 acre-feet of water, once the projects are fully implemented. An acre-foot of water is enough to supply a family of four for a year.

The \$14.5 million requested also includes \$2.1 million for water system optimization reviews, a new component of Water 2025 to be introduced in fiscal year 2007. Funding for system optimization reviews will be awarded through a competitive process, much like the Challenge Grants. Through water system optimization reviews, Reclamation will work with willing irrigation and water districts and western States to identify options for maximizing efficiency and improving water management.

Finally, \$2.7 million of the Water 2025 funding will be used to continue to fund research to improve and decrease the cost of water purification technology, including desalination. Water 2025 funding will be applied to competitive cost-shared grants for pilot, demonstration, and research projects to improve and test water purification technology.

Water 2025 represents one example where Reclamation is leveraging its budget to resolve water issues in the West through collaboration and partnerships during a time of limited Federal dollars.

RURAL WATER

Question. As you know, my top priority within the Bureau of Reclamation's budget is adequate funding for the Garrison project. A total of 155,000 acres of Ft. Berthold Indian Reservation land was taken for building the second-largest earth filled dam in America, the Garrison Dam. The water divided the Reservation down the middle. The Federal Government owes this tribe and others in North Dakota for its sacrifice for the Nation.

But this administration's budget once again fails to live up to that promise by recommending only \$24.21 million for Garrison Diversion, a \$3.1 million cut over the fiscal year 2006 level of \$27.311 million. The President's request does not provide the necessary funding for the municipal, rural and industrial (MR&I) projects in the State. The Dakota Water Resource Act of 2000 authorized \$200 million for the State MR&I program and \$200 million for the Indian MR&I program. The President's fiscal year 2007 budget only provides \$6 million for MR&I projects: \$3 million for State MR&I and \$3 million for Indian MR&I. The North Dakota Water Commission has identified a need of \$36 million for MR&I projects in fiscal year 2007.

The President's budget proposal woefully funds Garrison Diversion. Why is the Federal Government turning its back on its commitments to the residents of my State?

Answer. The administration is not turning its back on the residents of North Dakota. The fiscal year 2007 President's budget request continues progress on the Garrison Diversion Unit while maintaining existing infrastructure and other on-going construction projects throughout the agency, during a time of limited Federal dollars.

Question. As you know, the BOR released its Draft Environmental Impact Statement for the Red River Water Supply Project on December 30, 2005. This draft listed 8 potential alternatives and the BOR had a 60-day comment period, which was extended until the end of March.

I want to thank the BOR for holding all the meetings around North Dakota to discuss the different alternatives contained within the draft plan. The State of North Dakota has identified their preferred alternative and it seems like the most feasible and cost effective plan put forward.

This plan would use a combination of the Red River, other ND in-basin sources, and Missouri River water. The principal feature of this option would be a pipeline

from the McClusky Canal to Lake Ashtabula that would release treated MO River water into the Sheyenne River. The pipe would be sized so peak day demands could be met by Lake Ashtabula releases. The option would include a biota treatment plant at the McClusky Canal and a pipeline to serve industrial water demands in southeastern ND. The biota treatment process would use various disinfection technologies.

Unlike the other alternatives, this plan would “only” cost \$500 million. I say “only” because the other alternatives range from \$600 million to \$2.5 billion.

What, if anything, did the Bureau learn from all the meetings around North Dakota regarding this plan?

Answer. The proposed alternatives would use water sources in North Dakota and Minnesota. Public hearings were held in North Dakota and Minnesota to gather input on all eight (No Action and seven action) alternatives evaluated in the draft EIS.

The formal input received at these hearings can be categorized as follows: (1) support for the project; (2) support for the State’s preferred alternative; (3) opposition to the project; (4) opposition to the State’s preferred alternative; (5) opposition to interbasin water transfer; (6) concerns with transfer of non-native biota from interbasin water transfers; (7) concern that the identified need for water is too large; (8) concern that the Red River Valley residents live within their means (more water conservation, more drought contingency, more use of in-basin water sources); (9) concern expressed by Three Affiliated Tribes and Standing Rock Sioux Tribes that other features of GDU, specifically Indian MR&I, be completed before funding construction of any Red River Valley Water Supply feature(s); (10) concern expressed by tribes that diversion would negatively impact their water rights.

Question. Are you finished taking comments on this? If not, how long has the comment period been extended?

Answer. No, the comment period has been extended. The additional time will permit Reclamation and the State of North Dakota the opportunity to work cooperatively with the Environmental Protection Agency (EPA) to address and resolve issues raised by EPA.

Question. Is it still your intention to publish the final EIS in December of this year?

Answer. Yes. Reclamation plans to distribute the final EIS by December 31, 2006.

Question. From a preliminary standpoint, is the Bureau looking at any one alternative in particular?

Answer. No. We are going to evaluate all comments and data before identifying a preferred alternative.

Question. Is the State’s alternative the most likely at this point and if so is the administration already engaging the Canadian government on potential concerns regarding the Boundary Waters Treaty Act? I know it may be premature, but I do not want the project held up based on unsubstantiated allegations regarding biota transfers.

Answer. Until all comments have been received and evaluated it is premature to assess any one of the alternatives as “most likely.” Canada has participated in technical discussions on the Red River Valley Water Supply project but has not been engaged formally at this time. Reclamation has briefed the State Department on the issues associated with treaty compliance.

Question. And to that point, has the Canadian Government submitted any comments on the proposals? More specifically, has the Canadian Government indicated any alternative to what the BOR has proposed?

Answer. Although Canada was invited to participate on the Red River Valley Water Supply Needs and Options studies they declined to be a formal member of the team. Manitoba and Environment Canada participated as observers but did provide technical comments during the study process and on the draft Needs and Options report. Both Manitoba and Environment Canada are expected to comment on the draft EIS. At this time, Canada has not proposed any new alternatives. Their comments to date have made it clear that they oppose any interbasin water transfer, are concerned about potential transfer of non-native biota associated with a transfer of Missouri River water, and would like a reference to the International Joint Commission.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

FUNDING FOR FRIANT—NRDC SETTLEMENT

Question. The Department of the Interior is a party to the negotiations to settle the long standing litigation over the San Joaquin River. I'm aware that settlement discussions are confidential and have not been completed, but I understand that the Justice Department has told the Court that the Department expects negotiations to be substantially completed by mid-April.

If the Justice Department is correct in its assessment and the parties' settlement is approved by the Court, can we assume that you will begin your San Joaquin River restoration activities as soon as possible, including in fiscal year 2007, and if so, how would the Bureau fund such activities? A Settlement wasn't anticipated when the Bureau drafted its fiscal year 2007 budget request, so the request doesn't include funding for fiscal year 2007 restoration actions.

Answer. As you know, settlement discussions are continuing. If a settlement is eventually reached and if it is approved by the Court, Reclamation could be able to begin initial activities associated with the restoration activities outlined in the settlement using a portion of the Central Valley Project Improvement Act (CVPIA) Restoration Fund which has been identified in the 2007 budget request for use on San Joaquin River activities.

Question. What source of existing revenues (i.e. the Judgment Fund, CVPIA Restoration Funds, the Friant Surcharge, Cal Fed, or other Energy and Water appropriations) can be applied to this effort in fiscal year 2007?

Answer. There are a number of possible sources of funding. This is a matter under consideration in the confidential settlement discussions.

Question. As you know, Congressman Radanovich, Governor Schwarzenegger and I have all urged the Bureau to reach a settlement of this case. Now that the parties appear close to reaching an agreement, will implementation of a San Joaquin River settlement be a future funding priority for the Bureau?

Answer. The Department appreciates the effort that all of the parties to the litigation have committed to the settlement negotiations, and we remain hopeful that a settlement will ultimately be reached. Establishing funding priorities in any given year will, of course, require discussions with the Office of Management and Budget, as well as subsequent acts of Congress.

CALFED STORAGE STUDIES

Question. I strongly believe that with a growing population, global warming, and other challenges, California greatly needs new water supply. I understand that your current schedule is to finish the last of the four CALFED storage feasibility studies, for the Upper San Joaquin storage project, in July 2009.

Is there anything that I can do to get this study finished faster? If there is any potential delay in getting the approval of other State or Federal agencies, will you let me know right away so I can try to get the process moving?

Answer. We have been reviewing our schedules and believe that there may be opportunities to expedite the investigation such that all four studies including the Upper San Joaquin storage investigation could be completed by the end of 2008. These opportunities are dependent on the results of on-going technical studies as well as the level of cooperation we receive from our State partners and other State and Federal CALFED agencies and stakeholders. Based on our current schedule of tasks to complete the investigations, additional funding above the budget request is not required at this time to support expediting the schedule. We hasten to add that completion of these studies does not mean that the projects will be ready to begin construction; these are merely documents that will aid the Federal Government in determining whether these proposed projects are feasible and how they fit into broader nationwide priorities for investment.

ENVIRONMENTAL WATER ACCOUNT

Question. The administration asked for \$10 million for the environmental water account in its fiscal year 2007 CALFED funding request. How critical is this environmental water account funding for avoiding or minimizing harm to the Delta smelt and other pelagic fish while delivering water to farmers and cities to the South?

Answer. The Environmental Water Account (EWA), authorized in the 2004 CALFED Bay-Delta Authorization Act, is a pilot water management program, and is integral to making balanced progress in implementing the CALFED program. It is designed to help protect and increase survival, and aid in the recovery of at-risk native fish species of the Bay-Delta, including the Delta Smelt, by strategically im-

plementing pumping curtailments at the Central Valley Project's Tracy Pumping Plant and the State Water Project's Banks Pumping Plant. Whether the actions of the EWA do contribute to the recovery of at-risk native fish populations is a question that remains unanswered.

Given the current situation regarding the decline of pelagic fish populations and ongoing investigations into the reasons for this decline, the EWA agencies, as well as many other concerned entities, have made this matter a high priority. A multi-year science effort was initiated in 2005 by the agencies involved in the Interagency Ecological Program to determine the causes of the Pelagic Organism Decline (POD) in the Delta. Part of this effort includes identifying the role, if any, that water project operations in the Delta might have had in the POD.

Additionally, the CALFED Science Program has already initiated the development of fish population models for the Delta that will increase our understanding of how certain actions in the Delta affect fish populations. The results of these efforts will likely increase our understanding of how effective the EWA program has been in helping Delta fish populations. Because of the current situation in the Delta, it is critical to have adequate fiscal year 2007 funding for the pilot phase of the EWA to help ensure sufficient water assets are acquired for fish protection and water supply reliability purposes.

LOWER TUSCAN AQUIFER WATER SUPPLY INVESTIGATION

Question. I have a strong interest in the Bureau of Reclamation supporting locally-led efforts to investigate the Lower Tuscan groundwater formation, which Congress funded with \$2 million in the fiscal year 2006 Energy and Water Development Appropriations bill. Preliminary study results suggest the Lower Tuscan may hold as much as 30 million acre-feet of water.

While the potential water supply benefits of the Lower Tuscan formation appear to be substantial—with early California Department of Water Resources estimates forecasting as much as several hundred thousand acre-feet in new water available for agricultural, environmental, and municipal uses—additional technical work must be completed to determine how this resource can best meet regional and statewide water supply needs.

Commissioner Keys, I want to thank you for your support for this critically important initiative. I understand that the Bureau is working on a cooperative agreement with Glenn-Colusa Irrigation District to move forward on this project.

Can you update the committee on the Bureau's progress in moving forward on the Lower Tuscan work?

Answer. Reclamation is currently working with Sacramento Valley water interests, in particular with Glenn-Colusa Irrigation District (GCID), to develop a cooperative agreement that will include studies and investigations of the possibility of integrating the Lower Tuscan Formation into Sacramento Valley surface water supplies. This agreement will be a counterpart to the agreement between GCID and the Department of Water Resources for Proposition 50 funding for these same activities.

I would also point out that new groundwater supplies, while potentially representing a short-term expansion of water supply, and offering potential for conjunctive use (groundwater storage of surface waters), must be carefully managed to avoid groundwater mining. New groundwater supplies need to be part of a long-term, sustainable strategy for water use, and should not be used as a one-time windfall.

Question. When do you anticipate finalizing the cooperative agreement?

Answer. We expect to receive a completed proposal from GCID no later than June 14, 2006, and to enter into a Cooperative Agreement with GCID prior to the end of fiscal year 2006.

CALFED WATER USE EFFICIENCY PROJECTS

Question. I understand that the Bureau is now accepting grant applications from agricultural and urban water districts for \$2.4 million from Congress's fiscal year 2006 appropriation for CALFED water use efficiency projects. Can you tell me about the types of projects you expect to fund, and how much water they could save to be used for other purposes?

Answer. Funding is available for agriculture and urban projects. Applicants for the CALFED Water Use Efficiency Grants Program must be local public agencies involved with water management (cities, counties, joint power authorities, or other political subdivisions of California) or incorporated mutual water companies.

To be eligible for financial assistance, a proposed activity must have a defined relationship to CALFED objectives. These objectives include: improving and increasing habitats, improving ecological functions for ecosystem quality, providing good water

quality, and reducing the mismatch between the Bay-Delta water supply and its current and projected uses.

Proposals that will be considered for funding are agricultural projects including canal lining, spill and tailwater recovery systems, automated canal structures, and evaluation of improved water efficiency, and urban projects that satisfy the implementation of the urban Best Management Practices, such as, residential plumbing retrofits, Commercial Industrial and Institutional water conservation efforts (water used primarily by hotels, restaurants, commercial/office buildings, manufacturers, and public service facilities), large landscape conservation, metering, and system audits.

WATER RECYCLING PROJECTS AND TITLE XVI

Question. In 1999, California water districts submitted the San Francisco Bay Area Regional Water Recycling Program feasibility study to the Bureau of Reclamation. This regional plan consisted of 19 projects that if constructed would produce 125,000 acre feet of recycled water by 2010. In 2001, California water districts submitted the Southern California Comprehensive Water Reclamation and Reuse feasibility study to the Bureau. If constructed, the 34 projects in this regional plan would generate 451,000 acre feet of recycled water. The Bureau has been reviewing these studies for the past 7 and 5 years, respectively. Is this the typical time it takes to review Title XVI feasibility studies?

Answer. The Bay Area Regional Water Recycling Program (BARWRP) study was submitted to Reclamation in 1999 by the local water agencies. The Southern California Comprehensive Water Reclamation and Reuse Study (SCCWRRS) was completed by Reclamation, in cooperation with local water agencies, in 2001. The reports documenting these studies were submitted to Congress, which completed Reclamation's responsibility under Sections 1610 and 1606 (respectively) of Title XVI, Public Law 102-575. These studies were regional and programmatic in nature and were not intended to determine the feasibility of individual projects; therefore, Reclamation has not been reviewing these studies or specific projects identified in either of these reports to determine their feasibility during the past 7 and 5 years, respectively.

However, Public Law 108-361 required Reclamation to determine whether subsequent reports and other documentation submitted by individual project proponents met the requirements of the 1998 Title XVI Guidelines for determining project feasibility, and this review has now been completed and provided to Congress.

Question. Is it true the Bureau has not yet completed its review process?

Answer. Reclamation has completed its review of the reports and other documentation submitted by project proponents in response to our request for information for the report directed by Public Law 108-361. The report was transmitted April 28, 2006.

Question. When can both Congress and the projects sponsors expect to receive the Bureau's completed review?

Answer. The report was transmitted April 28, 2006.

SUBCOMMITTEE RECESS

Senator DOMENICI. Anyway, with that sad tale, we are in recess. [Whereupon, at 11:10 a.m., Tuesday, March 28, the subcommittee was recessed, to reconvene subject to the call of the Chair.]